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The Nation's Business

Major Eliot Views Defense Pact

Penetrating and timely comment on the Canada-U.S. defense agreement is made this week in an article especially written for The Financial Post by Major George Fielding Eliot.

Major Eliot has attracted a wide following on this continent for his shrewd and expert commentary on the military progress of the war. This is the first time his views have been expressed exclusively in a Canadian publication.

Major Eliot makes clear that the agreement is in no sense a defeatist move.

These two countries have now recognized by their common action that the time factor is of dominant importance in this war and that the ultimate prize of victory must be the control of the Atlantic Ocean. The defense agreement greatly strengthens Atlantic control and permits strategic moves which might be impotent if they were to wait upon an attack.

By crystallizing a common interest in terms of common action a very real and effective weapon has been forged to ensure ultimate victory.

To quote Major Eliot:

> "The United States is strengthened by helping to make Canada more secure.
>
> "Canada is strengthened by the assurance of receiving American help in time to be of use.
>
> "Great Britain is strengthened by a firmer position in the Atlantic and by increased possibility of help from overseas — not less by the moral effect that such events will have upon the neutrals of the world, and upon Germany itself."

• • •

There should be no misunderstanding about Canada's part in this agreement.

The defense of Canada or North America is not now on these shores, it is in England. It is there that our every thought and deed still centre.

The agreement merely strengthens and confirms the solidarity and strength of the embattled Anglo-Saxon peoples.

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Labor Problem Needs Strong Handling

One aspect of national registration that is of paramount interest to business is the light it is expected to throw on Canada's skilled labor force.

Industrial employment has been climbing week by week to new high figures. Already a shortage of skilled labor has appeared in many localities and in specific trades. Long before the huge $170 millions munition construction programme is completed and ready for action, an acute labor problem is forecast.

Through national registration, much valuable information will accrue as to the amount of skilled labor not yet utilized in wartime production. It is intended also, to avoid drafting into militia units young men who would serve their country better by practising or improving their industrial skill.

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In Great Britain the problem of industrial labor has become one of the most vital of the entire war effort. The problem has been put in the hands of a man slated as a future Prime Minister — powerful, dynamic Ernest Bevin. Mr. Bevin has been given unprecedented authority over companies and individuals. He has not hesitated to exercise this authority or to use the press and the radio to take the public into his confidence.

Armed with factual information now being gathered by Canada's wartime Labor Advisory Council and by the present national registration, the stage is being set for an equally strong and courageous handling of Canada's wartime labor problem.

We will need the ablest man the country can produce for this job. He must be a man who will have the confidence of both employers and employee — a man with a proved record of successful accomplishment in the field of industrial relations.

Given adequate authority he should begin work immediately to see that no labor bottlenecks throttle wartime industrial production.

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Canada's Army Taking Shape

Using the new nation-wide registration figures as a blueprint, Canada will shortly call the first 30,000 men for training. These men will be trained at one of 30 camps throughout Canada as part of the Non-Permanent Active Militia. They will receive 30 days training as infantrymen. Then their places will be taken by the next group. By autumn of next year it is expected that 300,000 men will have been given the rudiments of military discipline and procedure.

In addition to those selected for training under the Mobilization Act, Canada has some 50,000 men who have enlisted voluntarily in the N.P.A.M. There are also 140,000 men who comprise the Canadian

(Continued on page 2, col. 3)

Can. Packer Net Profit Up 34%

But Outlook Confused By Prospect of Large Bacon Surplus and War Developments

Highest net profit on record is reported by Canada Packers Ltd. for the year ended March 30. Figure of almost $1.7 million is over 34% higher than for the previous year and compares with previous record total of almost $1.6 million in 1930.

Net sales of $88.2 millions are up about 15%, while a reduction in costs is reported by J. S. McLean, president.

Chief factor in the improvement is attributed by Mr. McLean to the increased industrial activity within Canada resulting from the war. Business was 10% higher in the five months prior to the outbreak of war, as compared with the same months of 1938, while the figure jumped to 17.3% in the seven months ended March 30, as compared with the same period of 1938-39.

Improvement was due in part also to increased shipments to Great Britain, chiefly of bacon, cheese and eggs. These increases were offset to some extent by a decline in shipments of canned goods and poultry, Mr. McLean states.

Cattle Prices Firm

Cattle prices have been firm, due to two causes quite independent of the war, the president points out. These factors include the high price level in the United States, especially for choice grades, and the comparatively light marketings in Canada.

Hog prices since September last on the average have not been higher than in the corresponding period a year earlier. However, the president continues, had it not been for the war, hog prices would have been lower. Prices of hides and skins, wool, butter and cheese and vegetable oils, however, advanced rapidly and resulted in an inventory profit of $579,000. This sum has been set aside as a "wartime inventory reserve" to guard against possible inventory losses at some later date.

Anxiety is caused the company by the possibility of an embarrassing surplus of pig products. Mr. McLean points out that a surplus of wheat can be stored, but hogs must be marketed when ready.

In the case of bacon, Canada shipped so much to Britain in the early

(Continued on page 2, col. 3)

Sees Few More Cuts in Relief

Finds Few More Able to Work to be Found on Rolls

OTTAWA.—Relief rolls in Canada have come down to about one third the size they were in the depth of depression, and under the stimulus of war industry they are approaching the irreducible minimum; that is, employables on relief rolls are becoming increasingly sparse.

Urban and agricultural relief still costs $20 millions to the Federal Government. This is the figure contained in the 1940-41 estimates. Some of it will go to clean up expense incurred in previous fiscal years. It is a reduction of $14 millions from relief disbursements for 1939-40.

Industrial employment is beginning to exceed the previous all-time high but relief costs remain. The employment index figure of the Dominion Bureau of Statistics soared to 124.7 on July 1, 1940. This is exactly the point reached on the same date in the boom year of 1929. It is based on the 1926 average of 100, and many of the armament and munitions plants announced in recent weeks and months have yet to get into operation.

100,000 Employables

The relief group of 500,000 persons still existing in Canada probably contains around 100,000 employable persons who, in the aggregate, would remove 80% of the remaining urban recipients from relief rolls if they were re-established in steady employment.

Actually the enduring core of required relief, remaining even in conditions of full employment in this country, is difficult to determine. But the fact that it exists must guide any appraisal of the problem.

Analysis by the national registration of the Federal Department of Labor classifies urban relief recipients as employable, partially employable, unemployable, and non-worker dependents.

The relation between absorption into employment of employable relief recipients can be established roughly.

	Relief total	Fully employable
March, 1940 ..	772,542	172,683
April, 1940 ..	750,084	164,790
Decrease	22,458	7,893

The figures indicate that new employment for 7,893 persons between March and April this year effected a reduction of 22,458 in the relief total. At the same time, on the basis of a July total of 500,000 persons on relief, an estimated 109,000 fully employable persons were remaining on relief.

To go back a month or two to April, 1940, the latest month for which a complete break-down of figures is available on the basis of information gleaned in the national relief registration, the remaining core of relief, judged on the basis of

(Continued on page 4, col. 5)

THEY MADE NEWS

Linked with the momentous developments of this week changing the course of world history are these personalities. Henry Morgenthau (left), Secretary of the U. S. Treasury, and described as "the best friend Canada has in America," is in the Dominion on one of his rare visits, officially, "just for a holiday." (Centre) Canada's King and America's Roosevelt at Ogdensburg in unison smiles. (Right) Hon. C. G. Power, Minister of National Defense for Air, is in Newfoundland on negotiations about development of an air base there.

Ottawa Plans New Depreciation Rule

War Contract Depreciation Board to Rule on Requests For Speedy Write-offs on Wartime Plant Expansions

A new policy on depreciation allowances for new capital investments resulting from Government war orders has been adopted by the Dominion.

A three-man War Contracts Depreciation Board is shortly to be appointed. This board will deal with all applications for depreciation allowances at rates permitting write-offs of plant or equipment faster than normal practice. If the board issues a certificate to a company stating that speedier depreciation is justified, then the company making the request will be permitted to make greater than normal charges for this purpose against its current profits.

Unless such a certificate is issued, only normal rates of depreciation will be permitted in making returns for income tax purposes.

The new board will deal with war contracts only. It will be able to review all contracts placed since the beginning of the war, as well as contracts let in the future.

Uncertainty Prevailed

Up to the present there has been a great deal of uncertainty with regard to the depreciation allowances that would be permitted by Dominion income tax authorities on new plant and/or equipment installed to handle war contracts and which might be of very limited value after the war is over. Naturally, there has been some hesitation on the part of companies engaged, or asked to engage, in this work. They were not eager to spend thousands of dollars on a plant which they would not need under normal conditions.

In many cases, it is understood, companies went ahead on the verbal assurance that this would be arranged. It was argued that necessity of getting the required materials as fast as possible justified such a policy.

From various sections of the country, however, reports were reaching The Financial Post that manufacturers have recently been demanding immediate and decisive settlement on this point.

Provides Machinery

The new board will at least provide the machinery to make rulings in such cases.

Where the Government itself has financed plant expansion, there will be no difficulty about depreciation allowances. It is only where private resources have been employed that the question arises.

Many of the contracts signed

(Continued on page 2, col. 2)

Highlights OF THIS ISSUE

Key to control of the Atlantic, ultimate prize of victory in the war, is the Canada-U.S. defense pact. And, says Major George Fielding Eliot, noted United States military writer, in a penetrating study presented exclusively in The Financial Post, Canada and the United States cannot afford to allow the master of Europe to control this ocean.

Canada-U.S. Defense Pact—p. 9.

Canada's nationhood and business life will be strengthened by the new Canada-U.S. defense pact. The implications of this far-reaching new agreement are analyzed in

What It Means to Business—p. 9.

These articles also deal with the U. S.-Canada pact:

See Full Alliance—p. 1.
The War and Business—p. 1.
Canada Moves to Closer Tie—p. 2.

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Elevator companies are expected to show bond interest earned, depreciation provided for, and some margin to spare for the benefit of shareholders in the fiscal year just ended. but the way ahead depends largely on events abroad and what eventually happens to Canada's great European market, a staff survey shows.

Linked With the War—p. 16.

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Financial reservoir is what the Dominion Government would become if recommendations of the Rowell-Sirois Commission are implemented, a staff writer finds in detailed study of the report.

Burden on the Nation—p. 15.

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General Index on p. 2.

Imperial Oil Builds Plant

Sarnia Refinery Gets New Crude Running and Coking Unit

Imperial Oil Ltd. has a major building programme under way at its Sarnia, Ont., refinery. A new crude running and coking plant is being built. This will replace existing equipment, some of which has been in use for about 25 years.

Amount of money involved has not been made public but it can be assumed that it is well above $1 million. The new plant is expected to be ready for use some time in April, 1941.

Although the new crude running and coking plant will mean some addition to capacity of the Sarnia refinery, it is not intended primarily for this purpose, but rather to replace outmoded and worn-out equipment. Latest available figures show the Sarnia plant as able to handle 26,000 bbls. of crude daily.

The crude running and coking unit handles the first stage of the refining process. The gasolines and other products from this unit have to go through further refining and blendind processes before being ready for the consumer. It is understood that the new plant embodies refinements of design that are expected to improve quality of product, enlarge capacity and reduce costs.

Recently stated plans of the Dominion Oil Controller suggest greater responsibilities for the Canadian oil refining industry.

The War And Business . . A Weekly Round-up

Comes the Inevitable

The United States has long been on record that it would defend Canada from any aggressor.

This past week will go down in history as the week when Canada undertook to help the United States defend *itself* against any aggressor. Mr. Roosevelt and Mr. King were able to agree, not merely because the American people have a friendly feeling for Canada, not merely because Canada is in danger, but also for two other important reasons:

One is that American security would be in jeopardy if an expansionist power controlled Canada;

The second is that even if Canada were not seized by a foreign aggressor, the United States could not defend herself from attack except with the co-operation and assistance of Canada.

Canada and the United States go into this agreement on a basis of equality; not as guardian and ward.

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Why It's Needed

Why the United States needs this defense agreement with Canada is obvious. It needs, both for its own security and in order to implement its guarantees to Canada, a broad freedom of movement and planning over an area embracing the whole of the continent.

If Germany and Japan attempt a scissors attack on North America, Canada and the United States will both be caught in the blades. Their interests from the standpoint of defense are identical.

From the Canadian standpoint the condition that brought a long submerged issue to the point of decision was the Nazi break-through in Flanders and northern France, followed by the surrender of Britain's only important Ally in Europe. With that disaster there vanished the pleasant dream that British factories could supply all the war material needed, not only for Britain's defense but for Canada's participation in that defense. Canada was thrown back on her own.

While sending aid to Britain she had to plan her own strategy and provide her own arms and equip and train her own troops. For the first time in history Canada could not look to Great Britain to save this country. The shoe was on the other foot.

And also for the first time in history Canada faces the possibility of direct actual invasion from abroad.

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The more these premises were studied the more obvious it became that Canada's defense programme had to be geared to that of the United States. This gearing had to go beyond broad strategy. To ensure service if an invasion came Canada had to shift to U. S. type aircraft, tanks, guns to replace supplies we could not get from Britain.

Both Canada and the U.S.A. had a lot to gain from formalizing their defense co-ordination. The agreement this week was a logical result of the events of recent weeks.

What will follow will have important consequences in our civil, industrial and economic life. We've scrambled the eggs now and no one will ever be able to separate them entirely.

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Financial Co-operation

A logical step in due course will be financial co-operation. It is anomalous for two countries that are working on a policy of common defense to maintain financial fortifications between them. The U. S. Neutrality Act still forbids Canadian borrowing in the U. S. A. Canada's foreign exchange regulations are still aimed at keeping Canadian civilians from spending American dollars that the army and air force need.

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U. S. Now in War

Despite pretensions of isolationism the United States is in this war now; has been in for weeks or months. She is in it not because President Roosevelt and Secretary of State Hull have taken her in but because the Nazi-Fascist challenge has dragged her in. All that is in question in the United States is the degree to which the United States shall actively contribute to the war. The administration is ready to go a long way. The deals for naval and air bases in Newfoundland and the B.W.I. are well in hand. The destroyer deal is on the range simmering; it will be served as soon as Congress can be assured it is not poison.

It is obvious from reaction to the U.S.A.-Canada agreement that President Roosevelt is, in that matter, far ahead of some large bodies of U. S. opinion. But at the same time he is still behind aggressive realists of the type of the New York Herald-Tribune, Senator Claude Pepper, General Pershing and Dorothy Thompson.

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What the U. S.-Canada defense understanding means in military terms is ably told in this issue in an article especially written for The Financial Post by Major George Fielding Eliot, famed CBS and "Life" magazine military commentator.

What it means in economic terms is told by Ronald A. McEachern of The Post's own staff who has been studying U. S.-Canada defense matters for many months and who recently (June 15 issue) wrote for The Post an article setting forth the basic elements in just such an agreement as has now been arrived at.

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Tax Allowances

With Parliament not in session, there has been less news out of Ottawa. But there are measures being shaped that have a bearing on businessmen.

One development due shortly is appointment of a special tax board to deal with problems of amortization of war plant.

It will include representatives of the income tax branch, the Department of Justice and the Department of Munitions and Supply.

Many problems have come up as to depreciation and obsolescence allowances to be granted to firms putting in new machinery and equipment for war work. The problem is one of pricing, so far as Supply is concerned, but is also one of taxation. Whether or not a firm will make or lose money on a war order may depend upon the amortization allowances it gets from the income tax authorities.

The new board will deal with individual cases, seeking to arrive at formulas that are just both to the government and the industrialists.

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Blockade vs Relief

As other big news crowded the subject off the front pages, less was heard in the United States this week of the problem that country faces: of deciding whether or not it should feed the "starving millions" who are suffering under Nazi occupation.

The case against misplaced American sympathy was this week stated by Robert Neville in PM. He said:

> "If Britain is to keep the blockade as a method of war, it must unfortunately be effective against all lands in Hitler's hands. The British have the supreme argument that it is, after all, first necessary to defeat Hitler and that, just as in any army operations, some men may have to be sacrificed, so in the total war of today some civilians must also die in order that final victory may come."

Mr. Neville tore to shreds Herbert Hoover's plan for feeding the conquered nations of Europe while maintaining the blockade of Germany. Under this plan the Germans are to be asked to agree not to benefit directly or indirectly from food sent by the U.S.A. to the conquered lands.

Few regard this as a feasible plan. The Americans might be sure that the food reaches only the Dutch, or the French, or the Belgians, but could they be equally sure that Danish bacon, or Dutch cheese, or Belgian wheat or French beef would not continue to be grabbed by the Third Reich? It is impossible to imagine Hitler allowing American agents to poke into his railway cars, stop his trucks on the highways or police his warehouses.

See Full Alliance Result of Pact

Ogdensburg Sets Up Permanent Machinery for Co-operation With Vast Implications for War and Business

OTTAWA. — Creation of a joint defense board to study defense problems in which Canada and the United States have mutual interest goes a long way to bring Canada within a scheme of hemispheric defense in which the Government at Washington has developed urgent interest as the unlimited war aims of Hitler have become apparent.

The pact signed at Ogdensburg by President Roosevelt and Prime Minister Mackenzie King calling for permanent machinery for defense consultations and formulation of defense plans, as Ottawa sees it, will lead to an outright mutual defense alliance under certain eventualities.

No one in official circles is ready to define what those eventualities might be, but Canada, so far as the northern half of North America is concerned, has accepted the basic Monroe Doctrine principle on a bilateral basis.

Fulfillment of this principle is seen in appointment of military and naval attachés to Washington, following recent appointment of a Canadian air attaché there. Decision to appoint attachés preceded the Ogdensburg pact, a fact which indicated the scope of co-operation already decided upon prior to the meeting in the President's railway car.

Affects Industry

The Ogdensburg agreement is of vast importance to Canadian war industrial efforts, since it specifies the study of personnel and material for joint defensive action.

Already Canada has made large purchases in the United States of artillery, tanks and airplanes, and modern American types will undoubtedly become basic features of Canadian war supplies.

At the same time American manufacture of British types will introduce changes in basic U. S. war material. All this, it is anticipated, will lead eventually to wide uniformity of models and equipment in Canadian, American and British forces.

But this development will not be achieved quickly and the fruits of Ogdensburg will be seen first in immediate defense action.

First on the list is Newfoundland, where Hon. C. G. Power, associate defense minister, went on an inspection trip coincident with Mr. King's trip to Ogdensburg. Use of the big Gander Lake and Botwood air bases in Newfoundland, where the British Government spent $20 millions in peacetime development for ocean flying is envisaged on at least a two-way basis between Canada and the United States. One of the first projects will be to establish a supply base for flying bombers over the Atlantic to Britain.

Developments Imminent

In addition Newfoundland will likely become a big naval station for the joint use of Canadian, American and British navies.

Already Canada has established a garrison in Newfoundland, and a contingent of picked men is on duty there. The decision was taken and carried out speedily earlier this summer.

The Canadian Government has authorized an expenditure of $1 million to establish its troops in Newfoundland, and when and if the Americans enter the picture millions more will be spent, both of British and American money, to make the island dominion impregnable as a shield to Montreal, New York and the whole industrial heart of the eastern half of North America.

Canada has recently created a special eastern defense command under Major General W. H. P. Elkins, late master general of ordnance at Ottawa. While General Elkins's move out of Ottawa was regarded as in the nature of getting a square peg out of a round hole, the military problems of Atlantic defense with which he has been entrusted are more to his liking and his talents and have suddenly begun to loom large as prospects improve for joint action in hemispheric defense between Canada and the U. S. A.

Two new military encampments

(Continued on page 2, col. 7)

Great Lakes Net Doubles

Expected Continuation of Current Rate of Gain Means Record Profit

Much improved business has been experienced by Great Lakes Paper Co. in 1940 to date, The Financial Post learns from company sources. Continuation of the present rate of gain, which is expected by the company, may readily mean that net profits for 1940, after tax provision, will be approximately 100% over those of 1939.

Last year the company earned $1.18 a share on its combined classes A and B stocks. A 100% gain this year would, therefore, mean that earnings per share may reach between $2.25 and $2.50 a share.

Taxation is a problem as the company is not yet certain how it will be treated. So far what is thought to be adequate provision has been set aside and the prospective 100% gain in profits is after this provision.

Gains to date in 1940 as compared with 1939 months have been more spectacular than can be expected over the balance of the year

Improving Plant

Great Lakes Paper is taking advantage of this current period of good earnings to make further improvements in its plant. Several changes in equipment have been completed this year and others are contemplated, all aimed at increased efficiency and lower costs. An example is a new bark disposal plant. Utilizing the accumulations of previous years as well as current bark available, this plant is able to save the equivalent of 20 tons of coal daily in providing steam and power.

In the light of this situation it is not surprising that Great Lakes Paper Co. is continuing payment of dividends on its classes A and B preferreds. Another 25 cents a share is being paid on Oct. 1, 1940, to shareholders of record Sept. 10, subject to the approval of the Foreign Exchange Control Board. This will leave arrears on these stocks, which carry a $2 a share cumulative dividend, at $8.25 a share. Initial payment was $1 a share made last December, followed by quarterly disbursements of 25 cents a share.

C. N. Continues Earnings Gain

Seven Months' Revenue Best Since 1929 — Net Higher by $4 Millions

From Our Own Correspondent

MONTREAL.—Canadian National Railways continued in July to show the wide increases in earnings that have characterized operations in the current year.

From the standpoint of net revenue a record was established for this month. Operating revenue increased $6.8 millions over the same month last year, and net revenue was higher by $4 millions.

In the first seven months of the year operating revenue increased $32.8 millions, and net revenue gained $20.7 millions over the corresponding period of 1939.

Net earnings for the seven months of the current year were the best since 1929 for this period.

Following is a summary of operating results for July, the seven months to July 31 and net revenue for the seven months' period from 1929 to 1940:

	Operating Statement		
July:	1940 $	1939 $	Incr. $
Oper. rev.	22,395,032	15,563,648	6,831,384
Oper. exps.	18,222,446	15,348,721	2,873,725
Net rev...	4,172,586	214,927	3,957,659
Seven Months To July 31:			
Oper. rev.	136,076,583	103,245,178	32,831,405
Oper. exps.	115,703,915	103,535,668	12,168,247
Net rev...	20,372,668	d 290,490	20,663,158

Net Revenue

Seven Months To July 31:			
1940	20,372,668	1934	5,066,985
1939	d290,490	1933	d2,158,515
1938	5,766,942	1932	729,077
1937	7,626,848	1931	d2,890,046
1936	2,562,243	1930	11,207,828
1935	3,300,445	1929	22,712,698

d—Deficit.

Great Tourist Highway Is Opened to Traffic

To be the longest public illuminated highway in the continent is the Queen Elizabeth Way, another section of which was officially opened this week.

The newly-completed section stretches from Hamilton to Niagara Falls. The Toronto to Hamilton section was officially opened last year during the visit of the King and Queen. A third section of 18 miles between Niagara Falls and Fort Erie has yet to be finished.

The road has double importance: About 70% of all visitors to Canada travel through Ontario and 50% of them through the territory served by this road. In view of the new Canada-U.S. military "pact," the road is important to both countries in defense planning.

The new super-highway cuts the 140 sharp curves of the old Niagara Falls-Toronto highway to 23 sweeping bends. It broadens an 18-ft. pavement to two 23-ft. one-way lanes separated by a 30 to 50 ft. parkway.

All major intersections are cloverleaves—a total of 18. Fifty bridges and elevated crossings have been built, and bridges are double, one to handle each lane of traffic. Maximum grade of the road is 3% and no curve is of more than two degrees. Cost is around $120,000 a mile, $9 millions or more for the whole 75 miles now completed.

The Government stipulates that no buildings may be erected within 600 ft. of the highway without a permit. There are no billboards along the road's entire length. Gasoline stations have been sharply restricted and bicycles barred on many sections.

The road is lighted for 20 miles from Toronto to Oakville, and the Government plans to similarly light the route throughout.

Unlike a few of the super-highways now existing in United States, there are, of course, no tolls for use of Canada's first completely modern road which passes through some of the Dominion's most historic and scenically popular countrysides.

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Company Reports

Blue Ribbon

Blue Ribbon Corp. reports earnings equal to 99 cents per share on the common stock for year ended June 30, last, compared with 71 cents in the previous year.

Reserve for income taxes is over $60,000 greater than in the previous year. It is necessarily only an estimate, according to J. M. DeC. O'Grady, president, as until operation of the new taxing acts is made known, the exact amount to be paid cannot be known. Mr. O'Grady believes, however, the reserve is ample.

Inventories are almost double that of a year previous, while bank advances are more than doubled.

Consol. Income and Surplus Account Years Ended June 30	1940 $	1939 $
Gross earnings	393,262	296,384
Less: Legal fees	1,300	3,567
Exec. salaries	74,000	59,518
Operating profit	317,962	233,299
Less: Depreciation	87,364	81,720
Prov. for taxes	92,945	31,910
Net profit	137,653	119,669
Less: Pref. divds.	74,625	67,163
Surplus for year	63,028	52,506
Add: Prev. surplus	187,309	134,803
Surplus forward	250,338	187,309
Earnings per Share:		
Preferred	$4.61	$4.01
Paid	2.50	2.25
Common	0.99	0.71
No dividends paid.		
Working Capital		
Current assets	2,624,335	1,551,911
Current liabilities	1,707,175	653,200
Working capital	917,160	898,711
Balance Sheet Changes		
Accts. receivable	738,282	522,466
Inventories	1,849,703	999,247
Bank advances	1,383,830	458,111
Accts. payable	219,243	146,939
Min. int. in subs.	29,930	61,550

Canada Packers

Net profit of $1.7 million is reported by Canada Packers Ltd. for year ended Mar. 28, up over 34% from the previous year. Sales of $88.2 millions showed an increase of 14.2%. Net profit was equivalent to 1.9% of sales, and amounted to less than one fifth of a cent per pound of all products sold, and to one tenth of a cent per pound of livestock sold.

Consol. Income and Surplus Account For Years Ended	Mar. 28 1940 $	Mar. 30 1939 $
Net sales	88,205,640	77,225,733
Add: Invest. inc.	5,837	3,636
Prof. invest. sale	......	45,235
Less: Livestk. cost, etc.	69,767,159	62,128,127
Mater. & pckges.	2,461,790	2,053,997
Wages & sals.	7,738,781	6,839,657
Other expenses	3,808,775	3,372,933
Net earnings	4,434,972	2,879,890
Less: Deprec.	898,082	891,023
Bond interest	95,565	166,133
Res. for taxes	1,194,515	531,498
Prem. bonds red.	......	52,500
Wartime inv. res.	579,000	......
Net profit	1,667,810	1,238,736
Less: Com. divds.	800,000	600,000
Surplus forward	867,810	638,736
Add: Prev. surplus	7,239,132	6,600,396
Surplus forward	8,106,942	7,239,132
Earnings per Share:		
Common	8.34	6.19
Paid	4.00	3.00
Working Capital		
Current assets	17,111,621	11,876,418
Current liabilities	9,981,290	5,436,978
Working capital	7,130,331	6,439,435
Balance Sheet Changes		
Accts. receivable	5,340,752	3,423,673
Inventories	10,947,397	7,682,149
Bank loans*	7,155,590	2,660,964
Accts. payable	1,465,690	971,092
Funded debt	3,000,000	3,750,000
* Secured	3,895,600	675,000

Agnew-Surpass

Agnew-Surpass Shoe Stores Ltd. reports an increase in sales in the year ended May 31 of more than 18% over the previous year.

Earnings showed substantial gains, with net profit amounting to $193,717, compared with $150,624. It was necessary during the year to provide for "excess" profits tax. Provision for both income taxes and the new "excess" tax amounted to $97,167, against provision for income taxes only in the 1939 fiscal year of $31,289.

Net profit was equivalent to $19.37 share on the 7% cumulative preferred, based on the total number of shares issued. Earnings on the common stock amounted to $1.55 a share. In the preceding year the preferred showed earnings of $15.06, and the common, $1.01.

The company opened two new stores in the year ended May 31, bringing the total operated up to 79.

Dividends amounting to 80 cents a share were paid on the common stock, plus a bonus of 20 cents a share, making total distributions from the year's operations $1.

The company's subsidiary is making 1,000 pairs of army boots daily, J. Ellis Warrington, president, states in the annual report.

Cons. Income and Surplus Account Years Ended May 31	1940	1939
Gross sales	$3,328,891	$2,807,470
Gross earnings	319,424	214,202
Add: Misc. adjusts.	867	487
Less: Deprec.	28,717	32,146
Tax provision	*97,167	31,289
Directors' fees	690	630
Net profit	193,717	150,624
Less Pref. divds.	70,000	70,000
Com. divds.	72,000	64,000
Less: Sub. cos. part.	8,818	8,918
Subsid. div. paid	40	......
Surplus for year	60,495	25,542
Add: Prev. surplus	394,863	342,273
Surplus forward	455,358	367,815

* Includes provision for "excess" profits tax.

Working Capital	1940	1939
Current assets	$1,606,031	$1,392,435
Current liabilities	409,714	263,681
Working capital	1,196,317	1,128,754
Balance Sheet Changes		
Cash	$50,150	$70,296
Accts. rec. (net)	272,112	184,151
Inventories	1,268,012	1,136,182
Bank loan	40,000	......
Accts. payable	214,018	181,347

Ottawa Plans New Depreciation Rule

(Continued from page 1)

have been authorized in the Maritime Provinces. This is regarded as just a start.

Linked with this is the question of transferring 50 idle U. S. destroyers to either Canadian or British control for use in the present Battle of Britain. Details of how this will be done have not been disclosed, but developments are believed imminent.

Further Co-operation

In the Caribbean area similar developments on joint naval and air bases are near at hand, it is understood, and in this vital area U. S. facilities to bolster Panama Canal defenses will be found on British territory.

Next in line, Pacific coast defenses will be co-ordinated with a view to effective joint action against any emergency that may arise in that sphere.

No Sidetracking

While the Ogdensburg agreement opened a new vista of relationships between the two democracies of North America, actual progress will depend on developments in the Battle of Britain.

Virtually continuous staff talks are expected for the ensuing months, looking to avenues for immediately bolstering defense measures and to the long-range objective of arming against spreading Nazism.

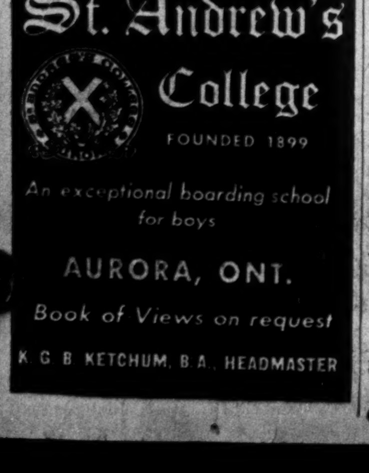
Much of what occurs will naturally be secret, but the broad outlines of aims and projects to be undertaken will become clear in the months ahead, especially after the U. S. presidential election is out of the way.

Canadian authorities have no disposition to be sidetracked into any narrow concept of defense and it is clearly recognized that our first line of defense lies in the North Sea. That is also the growing concept in responsible U. S. circles.

Investment Trusts

	Bid	Asked
Affiliated Fund	2.30	2.52
Can. Amer. Trust	2.90	3.20
Can. Inv. Fund	3.10	3.50
All Can. Trustee	8.25	9.00
Grouped Income	...	5.15
Trans-Canada Shs.	9.80	10.80

SCHOOLS AND COLLEGES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An exceptional boarding school for boys
AURORA, ONT.
Book of Views on request
K. G. B. KETCHUM, B.A., HEADMASTER

The Nation's Business

(Continued from page 1)

Active Service Force. Of this latter number, about 40,000 are presently serving in overseas posts. The remainder are training and on duty somewhere in Canada.

• • •

Canada looks for two things from the men who have recently enlisted in the militia or who are shortly to be called up for training.

First, they will provide a nucleus from which a rapid expansion of the C.A.S.F. can be obtained, if, as and when it is required.

Second, these men, though placed originally in infantry units, will be selected and tested as to aptitudes and training so as to provide recruits for the 350 specialized units of the militia.

These special units embrace all the technical and mechanical branches of the service. They are the units to which many men would prefer to be attached if they had the choice. Having received their 30 days training as infantrymen, the trainees will probably be encouraged to link up permanently with whatever unit they feel they can best serve.

• • •

Admittedly the 30-day training period will not make soldiers out of Canada's young men. But at least it will be a start in the right direction.

Very soon the next important step will have to be taken. That is to increase Canada's trained "active service" army by another 50,000 or 100,000 men.

Trained soldiers cannot be made overnight. They cannot be made from men who have only had 30 days training. It requires months of hard intensive work under skilled instructors to fit men for modern warfare.

As the successive 30,000 groups complete their training it is to be hoped there will be many thousands of them who will be inspired to take this next step and join the C.A.S.F. for war service wherever required.

Wheat Troubles Aired at Winnipeg

Last week's wheat meeting at Winnipeg, brought out discussion and suggestions which have been passed directly to Ottawa for consideration and action.

Fortunately, Hon. James Gardiner and Hon. Thomas Crerar were in Winnipeg at the time of the meeting, so there was no delay in making contact with federal officials.

Toward the close of Parliament, many western members were bitterly critical of the Government for not announcing a cut and dried policy then and there. The Government said it was anxious to get the views of representative western interests before finally deciding how the knotty and unprecedented problem of the 1940 surplus was to be handled.

• • •

Under the leadership of Premier Bracken this conference has now been held. It was chiefly concerned with answering the question: "How am I going to be paid for my wheat if I cannot haul it to an elevator?"

Although the banks were not officially invited to express their views, the Bracken parley made a suggestion which is of prime interest to every bank. It urged that bank loans be made to farmers if the Dominion Government would give the banks a guarantee against loss to the extent of a fixed percentage of total loans made.

A somewhat similar plan is now in operation in the field of government-assisted housing schemes. But whether wheat—not in commercial storage—is a comparable security to houses, remains to be seen.

Frank discussion between the banks and those who are pressing this plan is clearly indicated.

• • •

Walter P. Chrysler A Grand Pioneer

Down Chatham way, citizens are proud of the fact that their first permanent settler was a man named William Chrysler. They are proud also that a great-great-grandson of this first settler rose to be one of the world's great names in motordom.

Though Walter P. Chrysler was a late arrival in the automotive world (it was not until 1908 that he bought a car and took it to pieces) his contribution to the industry has been substantial and impressive. Mr. Chrysler was a skilled and practical mechanic. He started life in a railway locomotive shop, following in the footsteps of his father. He prided himself on having made with his own hands his first set of tools. Later he became interested in horseless carriages and rose to positions of great importance and responsibility in a rapidly growing industry.

• • •

Today the name Chrysler has become so much a part of automotive transportation, it is hard to realize that not until 1924 did Walter Chrysler build his own car. It is significant though that in his first and second years "on his own" he produced and sold no less than 137,688 cars.

At a time when scores of familiar "names" were falling by the wayside Mr. Chrysler built a product and an organization which is now firmly entrenched as one of the "Big Three" of motordom.

• • •

We are told that Mr. Chrysler's death is linked with the malodorous rise of the C.I.O. a few years ago.

Walter Chrysler always remained a mechanic at heart. His sympathies were with the men in his shops. He loved them and prided himself on his intimacy with them. When C.I.O. destroyed these "family" ties it literally broke Walter Chrysler's heart.

He never recovered from the tragic industrial consequences of the "sit-down" era.

The late Walter Chrysler was a grand and competent pioneer of automotive's golden age.

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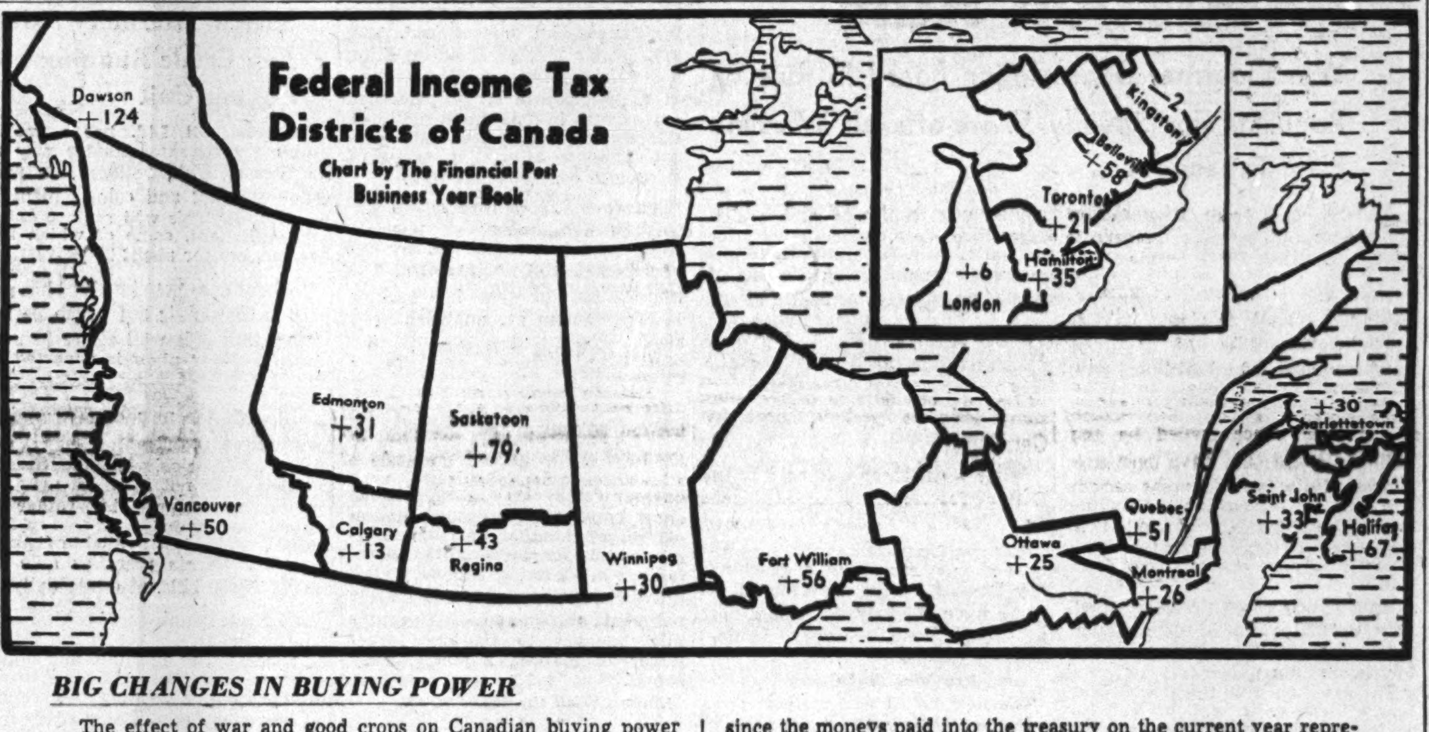

BIG CHANGES IN BUYING POWER

The effect of war and good crops on Canadian buying power in 1939 is shown in the above map prepared exclusively by The Financial Post.

Each area represents an income tax district. Figures show percentage increases in collections in that district for the first three months of the present fiscal year. In these months (April, May and June) the bulk of total revenue is collected. It represents the first accurate gauge of 1939 Canadian purchasing power by districts, since the moneys paid into the treasury on the current year represent returns on corporate and individual incomes in 1939.

Though the Canadian average is higher by 25.7%, due partly to increased earnings and partly to increased rates, the variations in each district are striking.

Saskatoon with a gain of 79.4% and Halifax with a rise of 67.4% are most notable. Several areas show gains of more than 50%.

Canada Packers Profit Up 34%

(Continued from page 1)

months of the war that sufficient was not left for domestic requirements and the deficiency was made up of imports from the United States. In January, however, Britain was finding stocks becoming embarrassing and restricted shipments to the contract quantity of 50,000 cwts. weekly. Since February this limit has been strictly enforced. Large quantities of American supplies contracted for proved somewhat embarrassing, but the problem was worked out in such a way that imports from that country have rapidly declined.

No Increase

The stoppage of supplies from Scandinavia and Holland and the cutting of British herds to one third, has not meant an increase of Canadian shipments to Britain. "If heavier shipments are not taken," warns Mr. McLean, "Canadian hog producers this fall will find themselves in a most embarrassing position."

Production of hogs in Canada has been stepped up in anticipation of British needs, and present forecasts indicate hog marketings of six million in the year ended Sept. 30, 1941, compared with the estimate of 4.8 million for year ending Sept. 30, next. If this forecast is realized, the surplus available for export will be about 75,000 cwts. weekly.

Mr. McLean expresses the hope the British Ministry of Food will lay plans to take all of it and this, the president believes, the Ministry can do. Even with shipments of 75,000 cwts. weekly from Canada to Britain, he estimates, total supplies will be barely more than one half normal consumption, and will not exceed the total involved in the present ration.

Post-War Outlook

Looking to the post-war period, Mr. McLean outlines the opportunity available for Canada to capture and hold the British bacon market. In the last war, he points out, the Dominion won but did not hold it, due to the better quality of Danish bacon. "If, at the end of the present war," continues the president, "Canadian bacon were again pushed off the British market, the disaster to producers would be one of first magnitude." The only safeguard, he suggests, is for Canada to produce exactly the type of bacon the British consumer wishes, so that, again to quote Mr. McLean, "the British consumer will demand Canadian bacon instead of refusing to eat it."

In the last 10 years, he reports, substantial progress has been made in improving the quality of Canadian hogs, largely through the establishment of testing stations in which the best strains are given a "record of production" rating.

Final Step

One final step still remains to be taken by Canada if it is to compete successfully. The British market demands Wiltshire sides of lean type weighing 55 to 65 lb., and at present only about 55% of the bacon shipped from the Dominion falls within this range. This compares with 95% of continental bacon.

Mr. McLean also suggests a change in trade practice which, he believes, would contribute to holding the British market: that all Canadian hogs should be marketed on a dressed weight basis. This would make possible accurate grading, he points out, both in respect of quality and sizeability; and would permit accurate apportionment of premiums for select hogs and penalties for undesirable types. The adoption of universal rail grading, he adds, is a step which can be carried out only by the Dominion Department of Agriculture.

T.C.A. Moves Traffic Office To Winnipeg

From Our Own Correspondent

MONTREAL. — Montreal traffic and operating offices of Trans-Canada Airlines are being transferred to Winnipeg, D. B. Colyer, vice-president, announces.

Only seven employees are effected by the transfer. It was decided to make this move to have the two operating offices of the company together. Executives of the company, including the president and other members of the board of directors, will remain in Montreal.

Rent is Higher in Most Cities

Survey Shows Only Two Cases of Lower Rent Levels Than Year Ago

Only two cities included in a survey of 26 cities and towns across Canada just made available showed lower cost of renting a six-room house of the type ordinarily occupied by workingmen in May this year than a year ago. Those seeking to rent this type of house in Vancouver or Fort William could have obtained them at slightly lower cost in May, 1940, than in May, 1939.

Many developments have taken place since May, however, which probably change today's situation materially.

Cities at the two extremes of Canada, Victoria and Halifax show the greatest gain for the landlord. Montreal was third in rise in rentals for six-room houses, followed by Regina and Kingston.

In seven centres, Saint John, Hamilton, London, Oshawa, Ottawa, Port Arthur and St. Catharines, there had been no change.

On the basis of May, 1939, as equal to 100, the following index number of rental costs for six-room houses across Canada are not official but are believed to give a reasonably accurate basis of comparison.

Index Number of Rental Costs for Workmen's Six-Room Houses (May, 1939=100)

	May, 1940
Charlottetown	103.1
Halifax	106.8
Sidney	103.2
Saint John	100.0
Montreal	105.0
Brantford	102.4
Fort William	99.5
Hamilton	100.0
Kingston	104.6
London	100.0
North Bay	102.2
Oshawa	100.0
Ottawa	100.0
Port Arthur	100.0
St. Catharines	100.0
St. Thomas	102.7
Toronto	103.7
Windsor	103.1
Winnipeg	102.0
Moose Jaw	104.0
Regina	104.9
Saskatoon	104.0
Calgary	104.0
Edmonton	100.7
Vancouver	98.8
Victoria	109.4

The Home Front

Y.M.C.A. Names New Executive

With its war services now extending to all units of the Canadian armed forces at home and overseas and providing for men of the Canadian army, navy and air force, wherever stationed, the Canadian Y.M.C.A. has announced important changes in the make-up of its national war services committee executive. The interim executive set up at the outbreak of war has now been strengthened by appointment of a permanent board which includes the names of many outstanding Canadians.

Honorary chairman is J. W. McConnell, publisher of The Montreal Star. J. Y. Murdoch, K.C., Toronto, is chairman of the general and executive committee.

Committee members include: Lieut.-Col. Gerald W. Birks, O.B.E., Montreal; Charles Bauckham, Toronto; Wallace R. Campbell, Windsor; Harold R. Frost, K.C., Toronto; John B. Frosst, Montreal; W. J. Hastie, Toronto; J. W. Horsey, Toronto, president of Dominion Stores; H. Jasper Humphrey, Toronto; Harold M. Long, Montreal; J. Ardagh Scythes, Toronto; Dr. Sidney E. Smith, president of the University of Manitoba; J. Gordon Thompson, London; G. W. Spinney, Montreal; Col. R. Y. Eaton, Toronto; and Morris W. Wilson, Montreal, president of the Royal Bank of Canada. Major J. W. Beaton, who went overseas with the First Division to inaugurate services with Canadian forces in Great Britain, is senior secretary of the committee.

The Y.M.C.A. is now engaged in services with the First and Second Divisions as well as the holding units in Great Britain and, in co-operation with the British Y.M.C.A., is carrying on a large and varied programme. The British Y.M.C.A. now has more than 600 centres in the British Isles and more than 80 mobile tea vans and cinemas. In Canada the association is providing a coast-to-coast service to men of the armed forces and its work in the Air Force stations is also expanding very rapidly.

Weekly Record of Financing in Canada

SALES BY MUNICIPALITIES, PROVINCIAL AND DOMINION GOVERNMENTS

	Date Issued	Sold to	Rate	Due	Amount	Price	Yield
Municipal—							
Halifax, N.S. (Correction)	Aug.	Halifax Dealers	4%	1950	$125,000	99.50	....
Dominion—							
Canada Treasury Bills	Aug.		....	Nov. 15, '40	40,000,000	99.837	.649%

Making HOME MORE COMFORTABLE

"Isn't it grand, Jane?"

"But where did you get all the money for such improvements?"

"Why, John got a loan at the Bank of Montreal. He was surprised how simple it all was, and how low the rates are. And we're paying it back in quite small monthly instalments."

HOME IMPROVEMENT LOANS...obtainable at $3.25 per $100 repayable in twelve monthly instalments. Ask for our folder.

BANK OF MONTREAL
ESTABLISHED 1817
"A bank where small accounts are welcome"

Refrigerator Sales Higher

From Our Own Correspondent

MONTREAL.—Sales of electric household refrigerators in Canada for the first half of 1940, according to returns compiled by the National Electrical Manufacturers Association, totalled 41,257 units. This contrasts with 33,714 units for the same period last year.

Monthly sales for the current year have been consistently ahead of those for the like periods of 1939. During June 8,109 refrigerators were sold as against 5,979 units for June last year.

Textile Mills Activity Down

Cotton Consumption Declines 1.6% in July from Previous Month

From Our Own Correspondent

MONTREAL.—Activity in Canadian textile mills for July is indicated by consumption of cotton during the month as closely comparable with preceding month. The Cotton Institute of Canada reports that decrease in consumption during July was 1.6% from June, but rate or consumption was still substantially in excess of the corresponding month of the previous year. The increase over July, 1939, amounted to 150%.

In July Canadian mills opened 30,183 500-lb. equivalent gross bales, against 30,645 in June and 20,289 in July, 1939. Total for the month under review was the second lowest of the year, with January showing total consumption of 27,266 bales.

June Reverses Trend

Figures for June revealed the first reversal of the upward trend in evidence since January. June showed a reduction of 4,734 from the total of the previous month.

Cotton consumption index, adjusted for seasonal variation, stood at 187.2 in July, compared with 179 in June and 126 in July, 1939. Peak level of 221.5 was reached in February.

In the year to July 31 consumption of cotton totalled 222,693 500-lb. equivalent gross bales, an increase of more than 79% over 124,539 for the same period last year.

Following are comparative monthly figures of cotton consumption, compiled by the Cotton Institute of Canada:

	500 lb. gross bales 1940	1939	Adjusted Index 1940	1939
Jan.	27,266	14,412	174.9	92.5
Feb.	35,740	15,296	221.5	94.9
March	31,996	18,681	207.4	121.2
April	31,484	15,956	167.8	89.1
May	35,379	18,606	205.1	107.9
June	30,645	21,299	179.0	124.4
July	30,183	20,289	187.2	126.0
Seven mos.	222,693	124,539	...	...

	500 lb. gross bales 1939	1938	Adjusted Index 1939	1938
Jan.	14,412	18,437	92.5	147.6
Feb.	15,296	16,640	94.9	102.5
March	18,681	19,935	121.2	128.7
April	15,956	18,913	89.1	104.9
May	18,606	18,860	107.9	108.6
June	21,299	18,057	124.4	104.3
July	20,289	15,226	126.0	93.9
Aug.	24,406	17,363	148.4	107.5
Sept.	22,665	20,406	152.1	136.3
Oct.	24,755	19,293	143.3	111.1
Nov.	31,870	18,247	166.0	94.6
Dec.	27,752	19,365	171.3	119.6
12 mos.	255,987	220,751	....	....

See Full Alliance Result of Pact

(Continued from page 1)

which have required added capital investment on the part of companies, it is understood, contained clauses providing for special depreciation rates. It was expected that the income tax department would follow these provisions but this was a rather indefinite provision.

A similar situation has prevailed in the United States with regard to defense contracts let by that country. Manufacturers have hesitated to sign contracts requiring heavy additions to plant when they feared that earnings necessary to provide for rapid depreciation would be taken away in taxation. Failure of the Government to clear up this point is said one of the serious reasons for the delay in getting the U.S. rearmament programme under way.

Nash Autos Enter Lower Price Field

Nash Motors of Canada Ltd. announce that their preparations to enter the lower priced automobile field in the fall are practically completed.

Claus Anderson, general sales manager, Nash Motors of Canada Ltd. states the company has prepared a car for sale in the Ford, Chevrolet and Plymouth price class. The new Nash will be larger than any of the others, it states. When new car deliveries are effected throughout Canada, it will be accompanied by a heavy newspaper advertising campaign.

Canada Moves To Closer Tie With the U.S.

Finance Institute Sees Era of Great Growth for Canada

Irrespective of the outcome of the war, economic relationship between the Dominion and the United States is bound to grow, a bulletin of the Institute of International Finance of New York University states.

The United States has important interests in Canada, economic and military. A measure of military co-operation is being forged. The United States financial interest in Canada may be gauged by the fact that at the end of 1937 American investments in Canada totalled $3,932 millions. Of this total $2,752 millions represented investment in Canadian business enterprises and $1,180 millions was investments in the bonds of the Dominion, provinces and municipalities. It is estimated that U. S. investors now hold investments substantially in excess of $4 billions. Canadian investments in the U. S. amount to $1,085 millions.

Largest Investor

The United States has supplanted Great Britain as principal investor in Canada. This change was brought about by geographic proximity and the ease with which securities flowed both ways across the border.

There has been some apprehension felt by U. S. investors about the large stake held in Canada since the outbreak of war. Prices of Canadian securities on U. S. stock exchanges have mirrored this fear.

High Per Capita Debt

Public debt in Canada is already at a high level. The Institute declares that at the end of 1938 per capita public debt of Canada amounted to $603, while in the United States the comparable figure was $433.

Further influencing the price of Canadian securities in the United States is the increase in already burdensome taxation and the official rate of the Canadian dollar, fixed at an official discount in relation to the United States currency.

Two Paths

What are the prospects for Canada? The Institute outlines two possibilities:

1. In event of a British victory the position of Canada in the British Commonwealth is certain to increase in importance. Britain will sustain material economic losses as a result of the war. The standard of living will be lowered and population will decline. There will be a wholesale exodus of British people to the Dominions and colonies. Canada is readier and eager to absorb new immigrants than any other British country.

2. A German victory would not destroy the independence of Canada. In this event Canada would become either centre of a new British Empire or an independent country, taking its place among the American nations. And in this case, too, Canada will witness a large influx of British immigrants. Canada is sparsely populated and an increase in inhabitants would be of great economic benefit.

Stronger Ties

During this war and after economic ties between the United States and Canada will be strengthened, the bulletin continues.

The two countries are in many respects economically complementary and there exist great possibilities for expansion of trade between the two.

Whatever the outcome of the war Great Britain will not be able to supply capital in great amount to further develop the resources of the Dominion. This would bring the United States and Canada closer together.

Probably one of the fears uppermost in the American investor's mind since Canada has been in war is whether Canada will continue to pay its debt service to the United States. The Institute summarizes this problem.

"The willingness of Canada to pay her debt service to the United States may be taken for granted; but the question that is uppermost in the minds of many people is whether Canada will be able to pay the debt service in United States dollars. It would seem, however, that as long as the United States is willing to take Canada's output of gold, to purchase the bulk of newsprint, and as long as American tourists are willing to visit Canada, the Dominion will have the wherewithal to pay interest on her obligations outstanding in this country and payable in United States dollars. Whether or not the Canadian Government will be able to repay the large amounts of principal coming due is unknown."

Repatriation

Another factor now shaping Canada's economic position is the repatriation of Canadian securities held in Great Britain. The Institute sees this as an occurrence that will strengthen the balance of international payments of Canada.

London Calling

by Atticus

Roumanian Ambassador — Without a Job —

Owns Farm Near Oxford as a Haven — Atticus Wonders What Mr. Hearst Means Now

LONDON.—The shifting winds of European affairs have wrought yet another change in London's diplomatic scene. M. Tilea, of Roumania, is one of the latest ministers to pay the penalty of the altered policy of his country and has now been recalled. Certainly there could be no other reason, for he has been an outstanding success. A man of high personal honor and indefatigable good humor, he has been at once a patriot, a friend of Britain, and a world citizen. I first met M. Tilea in Bucharest in the spring of 1938, when he gave a men's luncheon for me at his pleasant home there.

He was the head of the Anglo-Roumanian Fellowship, and had done more than any other of his countrymen to spread a knowledge of our language and our country. At the end of his luncheon table there was a pensive looking guest with a patch over his eye rather like Sir Nigel Loring in "The White Company." M. Tilea whispered to me that his name was Calinescu, and that he was the coming man in Roumania.

Seven months later M. Calinescu held the post of Home Secretary when Codreanu and his fellow leaders of the Iron Guard were all killed "during an ambush" while being transferred from one prison to another. It was the strongest rebuff Hitler had endured up to that time, for Codreanu was his paid agent. But there was a sequel. Last autumn, not long after the war had started, a group of Iron Guard assassins waited by a bridge for Calinescu, who had become Prime Minister. Foully and cruelly they took their revenge.

* * *

Western Democrat

It is odd to recall all this in connection with anyone so boyish and human as M. Tilea. There is nothing sinister in his frank, open face, which breaks into a broad smile on the least provocation. By nature and by development he is attuned to the spirit of the western democracies. M. Tilea was trained as a lawyer but did not practise. His business activities were varied, but his real interests were in the humanities and the development of good will among men. There is a suggestion that M. Tilea will stay in England and move with his charming wife to their farm near Oxford. Although she does not speak such fluent English as her husband, Mme. Tilea is making good progress. We have not so many friends in the world that we can see these two leave the Legation without a heartfelt wish that they will return to it soon when the world has found its sanity once more.

* * *

Half-Scot to Moscow

Another Roumanian personality, that handsome ex-Foreign Minister M. Gafencu, with his mixture of Scottish and Roumanian blood, has been sent as Minister to Moscow. M. Gafencu fought in the last war so bravely that the British awarded him the M.C. Throughout this present war he has been pro-Turk and pro-British. Hitler and Goering summoned him to Berchtesgaden, sat him in the same chair as poor Schuschnigg, and demanded to know what good a British guarantee could be to Roumania, since no help could be sent to her in case of attack. "A British guarantee," said Gafencu with a courtly irony, "is extremely useful when a war is over." He followed that up by absenting himself from Hitler's birthday celebrations.

* * *

Can a Leopard . . . ?

W. R. Hearst, the American newspaper magnate has recently declared that the U. S. A. would certainly enter the war at a fairly early date. It is encouraging news, but one cannot help wondering if this brilliant but erratic genius was not trying to prevent by his pronouncement the very thing that he forecast. Mr. Hearst is not far off 80 years of age, but it is difficult to believe that in the twilight of his life he would abandon his long antagonism to Great Britain.

His career has been a strange one and by no means lacking in importance. In many ways he was the pioneer of sensational journalism. His headlines screamed the news, and, to give him credit, he spent money with absolute recklessness in a valiant if hopeless endeavor to make the news live up to the headlines. After amassing a vast fortune, his star began to wane about 15 years ago and his kingdom shrank considerably. In the last Presidential election he went out for his "final great crusade" against Mr. Roosevalt. The sweeping victory of his enemy left him dispirited, and he withdrew more and more into private life. In spite of his many attacks on Britain, he has kept the friendship of a number of people in this country. That at least is a tribute to the man himself.

* * *

Ask Tattersall's

In these notes recently I described the "making of a book" 18 months ago by a number of M.P.'s on the succession to Mr. Chamberlain as Prime Minister. I have since received a number of letters, some caustic and others merely pitying, pointing out that by grading the investment and backing each entry a punter could not fail to make a handsome profit, no matter who won. This, it was argued, was against both the tradition and practice of bookmakers.

I am delighted to learn that my notes are read so carefully by such a large number of racing experts; but they have surely overlooked the essence of the whole thing. The prices laid were, of course, ante-post, and therefore attractive. It was also well known to us that some of the fancied entries were already coughing, and would almost certainly be withdrawn before the last forfeit. Also it should have been obvious that I had merely quoted the more popular selections. All members of the House of Commons are automatically entered for the Prime Ministerial Stakes, no matter what their form. Thus it will be admitted that in so huge a field and with so many of the fancied runners showing signs of being overtrained, our prices were, if anything cramped.

Any further controversy on this subject will be referred to Tattersall's.

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B. C. Seeks Aid For Steel Plant

Province Urged to Seek Dominion Aid to Use B. C. Ore and Power

From Our Own Correspondent

VANCOUVER. — The fact that twice within the past 25 years there has been a demand for all the steel Canada can produce is being used as an argument for establishment of a steel industry on the Pacific coast.

The Provincial Government has been urged to ask Ottawa for a new survey with a view ultimately to financing initial construction of a smelter at Squamish or some other advantageous location.

There are ample iron ores, waterpower, coal, transportation facilities and other resources needed for an iron and steel industry, it is declared. The question of markets has been an obstacle in the past.

At present steel is being brought across the continent for ships being laid down in west coast yards.

The Post-Bag

For Autobahnen Only

The war may be fought and won in England but Britain is not planning just for a war of defense. Some day British troops will invade the continent, free the countries occupied by Germany, and administer a death-blow to force and aggression.

Here is a story that proves that:

When British experts met American experts to discuss designs for the 4,000 tanks ordered by Britain, the British asked for tanks with steel treads rather than rubber tires.

"Better take them with rubber tires," counselled the Americans, "otherwise, they'll cut hell out of your roads."

The English reply was brief and to the point:

"Oh, but we are not planning to use these tanks on **our** roads."

* * *

Real or Refuge

A Toronto father wrote his youngster, away at a boys' camp, announcing that the boy had a new baby sister.

The boy's only comment, in his next letter was to ask, "That baby sister; is it real or refugee?"

* * *

Prophet Speaks

Do you believe that events can be forecast by study of the Scriptures? If you don't, skip this item. If you do, here are the dates offered by a Canadian student of such "revelations," one who has mystified his friends by putting his finger, in advance, on some of the key dates in the war so far. Says he:

The totalitarian powers will reach the peak or climax of their power on Dec. 9.

In the meantime Mussolini will have invaded Egypt and Palestine. He will be thrown out by Britain, aided by Turkey, Persia and Russia

On February 25 will come the greatest debacle the world has ever seen. (Famine, pestilence and even hail will have something to do with it.)

On March 2 the war will end with Britain triumphant. And we'll then have a thousand years of peace.

The above information comes from sources, etc., but is not guaranteed.

* * *

More Prophecy

The Nation's Business, published in Washington, asks its readers to stick a pin in this prediction:

> "In spite of the peace rumors in the air, the less excitable folk in Government think the war will run through the summer of 1941. Reasons: Britain now has more than half the merchant tonnage of the world, thanks to her seizure of bottoms once owned by the small nations that have been dispensed with; therefore, she cannot be starved; it is unlikely that Germany can bomb her down this summer; famine will hit Europe this winter; improbable that neutral nations will be permitted to feed the sufferers, and so relieve Germany; nothing is such a sure seed of revolution as a pain behind the belt buckle."

* * *

"New War" Pensions

Canada has already begun to pay pensions on account of this war. Up to the end of June the amount paid out was $10,692. There are 45 disability cases, 45 widows and two mothers drawing pensions on account of World War II.

* * *

Nazis in Denmark

Danish language newspapers in the U.S.A. are able to publish a good deal of the truth about conditions in German-occupied Denmark. All letters, they indicate, are censored by the Nazis. There is a spy system in the telephone exchanges. Severe penalties are imposed for spreading information unpalatable to the Nazis. Cows and pigs, the very foundation of Danish national income, are being slaughtered to provide meat for Germany.

When a daughter was born to the Crown Princess, the good citizens flew flags. The Nazis photographed the flags and sent the pictures around the world with captions saying the flags were a demonstration of "joy and enthusiasm" at the Nazi occupation.

* * *

Exit Pacifism

One by one the most famous of British pacifists are coming out with statements indicating that they have changed their minds.

Included are A. A. Milne, who now says, "If England is at war, I am at war"; Maude Royden, who says, "I have now come to the conclusion that there is something worse than war. That is Naziism"; Prof. C. E. M. Joad, "I, like the rest, feel that before everything we must win."

Even Bertrand Russell says, "Ever since the war began I have felt that I could not go on being a pacifist."

* * *

Rich in History

Canada's Niagara River frontier is rich in history. But until recently most of the landmarks have been hidden, a condition that is now being corrected chiefly through the work of the Niagara Parks Commission and the Ontario Department of Highways.

Two new "restorations" that have added tremendously to the interest of a visit to the frontier area are the rebuilding of old Fort George at Niagara-on-the-Lake and of the William Lyon Mackenzie House at Queenston.

Mackenzie's famous and fervent handpress will be lodged in the latter building.

The Fort George restoration, carried on under the direction of Herbert Hope, of Stamford, has followed in detail the original plans brought out from the dusty files of the Royal Engineers in England. Here's an incident to show how painstaking is the job that has been done.

Workmen digging on the grounds found a rusty brass lock. The name of the Birmingham firm that made it was deciphered. Officials found the firm was still in existence. They appealed for help. Going back through its records, the firm found that it had indeed supplied the locks to Lieut-Governor John Graves Simcoe in the 1790's; that they still had the original patterns. They reproduced the locks.

Similar attention to detail has been shown throughout the whole of the fort.

* * *

Hardy Englishwoman

A special cable from London to the Montreal Star and the New York Herald Tribune says that because of limited supplies of gold and an increasing number of marriages, gold wedding rings are soon to be restricted by London jewellers to a weight of 15 ozs. We stand amazed at the hardihood of the English girl who can wear a wedding ring of the new size, for 15 ozs. are equal to 1¼ lb. Troy weight!

Ontario Hydro Finds Appliance Use Low

There is still a long way to go before the saturation point is reached in the use of electrical appliances in Ontario homes, according to a survey by the Hydro-Electric Power Commission of Ontario.

This survey takes in results to the end of 1939. It shows that there is still a large market for this type of article in Ontario before the appliance business will become dependent on replacement or population growth.

Nearest to saturation is electric irons, in use by 91.9% of all urban consumers, 66.8% in hamlets and 75.3% on farms. Radios come next with 77.9% of calculated saturation in urban homes, 70.1% in hamlets and 71.8% on farms.

There are 479,785 electric irons in use by 521,838 urban consumers of electricity, followed by 406,456 radios, 312,905 toasters, 253,509 washers, and 174,240 vacuum cleaners.

Growth Lags

In commenting on the results of this year's survey, the Bulletin of the Ontario Hydro states that growth in use of appliances among hamlet consumers has barely kept pace with the growth in number of consumers and indicates a field for further sales efforts. It is pointed out, however, that purchasing power is generally low with this class of consumer.

Among farm consumers also the growth has barely kept pace with gains in number of consumers.

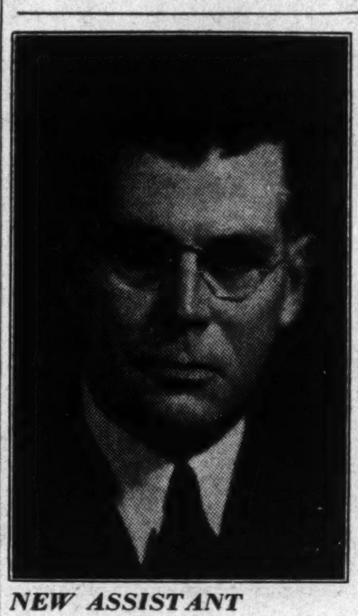
Since 1924, growth in number of appliances in use each year among urban customers has grown gradually, showing very little effect of either boom or depression.

The Hydro Commission states that average consumption of electrical energy in Ontario urban homes was 2,039 kw.h. for 1939. It is estimated that an average home could consume between 8,000 and 10,000 kw.h. per year.

Comparative saturation points for different types of electrical apparatus in the three classes of consumers studied is shown by the following table:

Comparative Saturation in Appliance Use

	Urban %	Hamlet %	Farm %
Ranges	30.5	12.5	17.2
Hot plates	17.5	23.9	21.2
Washing machines	48.6	45.9	58.2
Vacuum cleaners	33.4	15.5	14.3
Water heaters (flat rate)	11.0	3.3	4.0
Water heaters (metered)	10.7	1.8	1.9
Grates	7.2	0.8	0.7
Air heaters	28.5	7.4	8.1
Ironing machines	2.9	1.4	1.1
Irons	91.9	66.8	75.3
Refrigerators	20.1	14.3	12.2
Toasters	60.0	49.5	51.2
Furnace blowers and burners	6.1	1.8	1.6
Radios	77.9	70.1	71.8



NEW ASSISTANT SALES HEAD

Appointment of Arthur L. Brown, merchandising manager, as assistant general sales manager, is announced by Northern Electric Co. Ltd. He is widely known in the electrical field and had three consecutive terms as president of the Radio Manufacturers Association.

Can. Packers Aids Families

Introduces New Angle in Case of Workers Called Out For Training

In arranging wage allowances for employees called up for military training, Canada Packers Ltd. introduces an interesting variation on the plans being followed generally in Canadian industry.

The Canada Packers' plan, suggested by George Ayers, employees' representative on the company's board of directors, confines assistance to dependents.

The company statement is as follows, in part:

"Men undergoing military training for home defense whether by enlistment or by draft will receive $1.20 per day plus additional payments for rank, etc.

"For a single man such remuneration appears adequate, since at camp a man's expenses are almost nil.

"Where the pinch falls is upon dependents (wives, children or parents) since dependents of these men receive none of the allowances which are made to dependents of members of the C.A.S.F.

"The company, therefore, proposes to assist dependents of men undergoing military training as follows:

"Married men—Allow half of the difference between army pay and normal company pay, the total allowance not to exceed the scale of allowances to dependents of C.A.S.F. members (i.e., $35 per month for wife, $12 per month for each dependent child 16 years old or younger, but the allowance will be paid in respect to not more than two children).

"Single Men—We shall allow to single men who are the sole support of their parents half of the difference between army pay and their normal company pay, the total allowance not to exceed $25 per month.

"Allowances on lesser scale may be made to single men who contribute to, but are not the sole support of, parents or dependent brothers or sisters.

"The period in respect to which allowances shall be made is not to exceed one month. When the training period is less than one month, allowances will be proportionately reduced.

"Only regular employees who have been in the company's service for 12 months preceding their period of military training will be eligible for such assistance."

* * *

Make Up Difference

Sarnia Bridge Co., Limited, reports that it will make up the difference between employees' militia pay and regular pay during the period they are in camp with no difference between the men enlisting voluntarily and those drafted.

Tip Top Tailors Ltd. reports that it has yet to make specific plans.

Revenue Holds For Langley's

"Healthy Increase" in Volume of Business Reported — Plant Reorganized

S. R. MacKellar, president of Langley's Ltd., Toronto dry-cleaning company, reports gross revenue about the same for the first six months of 1940, as for the same period last year. Physical volume shows "a healthy increase," according to Mr. MacKellar.

The president also reports progress in plans to increase efficiency of plant and to further increase the volume of business.

Garage facilities have been moved from rented quarters to the company's own plant, while the fur salon—operated at a loss for four years—has been closed. Storage facilities have been increased in the plant.

Plant Concentrated

Cleaning operations are now concentrated on two floors instead of five as previously and two conveyor belts have been installed, providing a steadier flow of work from one operation to another. Machinery has been rearranged to eliminate unnecessary work and reduce costs.

Public relations are being improved by the organization of an enquiry department to handle complaints.

New services have been added, including a bachelor laundry service and a pick-up and delivery service to householders on family laundry work. Mr. MacKellar reports the response as satisfactory and sees evidence the laundry department will further develop.

DO YOU BELIEVE THIS ABOUT GASOLINE PRICES?

That they should all be equal? . . . That all costs of production are the same? . . . That all costs of handling and distribution are the same? . . . *Of course, you don't.*

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GOOD RICH "GOLD STAR" gasoline is produced under the most modern refining methods. It is a first grade premium quality gasoline — 80 Octane. It equals or excels in all round efficiency, gasolines costing considerably more.

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Simpson's

Exhibition Sale of Overcoats

This year, because woollen prices have advanced and are still advancing, it's impossible to overemphasize the importance of SIMPSON'S Annual Exhibition Sale of Overcoats. Today is the opening day of the sale—make a memo to save yourself dollars.

Three Ways to Buy!

1. Pay cash now.
2. Charge your overcoat on your October account, payable November 10th.
3. Budget Club Terms—pay one-fifth now, the balance plus service charge, in four equal monthly amounts.

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For nearly 65 years this staff of Engineers has devoted itself solely to studying questions of power plant safety. This background of constantly accumulating knowledge, possessed by no other similar institution in Canada, is available to help the Company's field inspectors and, through them, to help the owners of the plants they inspect.

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Investment Trends

London Stocks Defy Hitler's Air War

Recovery From June's Debacle Better Maintained in U. K. Market Than on This Continent —Critical Period of War Suggests Caution

For the strongest proof of confidence in the successful outcome of the Battle of Britain given by stock markets anywhere one has to go to London itself.

Even allowing for the limited amount of real freedom permissible in stock price movements in a country so completely at war as Great Britain, the fact that London market averages have recovered far more than those in Canada or New York since the end of June is striking.

From June 27 to August 19 the industrial share average in London rose from 61.1 to 77.6, a gain of 26.9%. Highest point of this rally was reached, following actual air attacks on London itself.

Contrast this with performance of security averages on this continent. The Montreal industrial average gained from 56.0 to 62.4 on July 30, a gain of only 11.4%. To August 19, moreover, this average had dropped to 60.2 again. The Toronto industrial share index rose from 86.0 on June 27 to 94.94 on July 30, a gain of 10.4%, only to sag dispiritedly again to 92.89 by August 19.

In New York the Dow-Jones industrial average rallied from a low of 111.84 on June 10 to 127.26 on August 12, a gain of 13%, but closed on August 19 at 122.06.

This indicates that investment psychology close to the scene of battle is stronger than in the safe refuge of this continent and that, of all three markets, Canada's has made the most sorry showing.

The war still far overshadows all other stock market influences. While this is the case and the outcome of the immediate battle still to be determined, a cautious policy toward further stock purchases seems wiser, although retention of present holdings, wherever these are individually desirable, seems also best.

* * *

Stock Exchange Earnings

Contrary to the policy of Canadian stock exchanges, the New York Stock Exchange, under its new regime, issues regular financial reports to the public. Since this policy was started, these financial statements have been chronicles of losses, not profits.

But a change may be coming. The latest issue of "The Exchange," monthly publication of the New York market, contains a review of results for the first six months of 1940. This shows that, on operating income up only $165,000 to $2.8 millions, the exchange has been able to reduce its six months' loss to $9,802 from $336,360 for the corresponding period of 1939.

Credit is given for much of this improvement to the firm of management engineering experts, Jordan & Harrison. Seeking for a further solution of the Exchange's unbalanced budget, this firm has been directed to make more studies touching on such matters as number of members, associate memberships, commissions, service charges and related questions.

* * *

A Common Problem

It can be taken for granted that the problem of an unbalanced budget is not unique to the New York Stock Exchange. Anyone watching what is going on in Canadian stock market circles does not need a financial statement to know that the same difficulties are faced in Canada.

Shares traded on the Toronto Stock Exchange this year to August 20 totalled 48,886,000, compared with 77,643,000 shares in the 1939 period and 135,695,000 shares in the corresponding part of 1938. On the New York exchange there have been 138,460,095 shares traded this year to the same date against 143,943,132 shares in the same 1939 period.

Just what the approximate break-even point for these exchanges is is somewhat obscure. It is said that the New York exchange itself can break even with an average daily trading volume of 700,000 shares now that many economies have been made. This is just about the average to date this year.

At any rate, a realistic approach to the question of the future of the stock exchanges and their members apparently should not depend on a fortuitous return of active trading. An analysis of what has happened and what can be done to offset what threatens to become more or less permanent conditions of reduced trading volume, such as is being done in New York, might help.

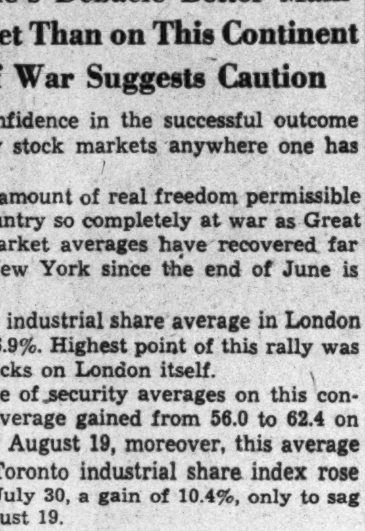
* * *

Commodities and Stocks

Followers of the stock markets are looking somewhat apprehensively at the trend of commodity prices over recent months. As a matter of fact a glance at the U. S. Bureau of Labor price index shows that trend of this indicator has been steadily downward since the middle of 1937. The only exception was the spurt last summer which did not last long. This trend in recent months has probably been less disturbing to industry and the stock markets because of its gradual character, giving industry opportunity to make adjustments required.

The general price index published by the Dominion D. B. S. has not been going in any particular direction this year, range of movement being less than one point. The bad boy of the price situation in Canada has been Canadian farm products. In April this index reached its peak at 72.1, but by August 9 it had declined to 62.7. This is the same level as prevailed in July last year.

Talk of good crops is nullified in its effect on the Canadian economy by this disastrous price decline. The purchasing power of almost half of Canada's population has been undermined. The ultimate effect will go far to offset the gains to the other half of the population through quickened industrial activity.



Abitibi Earnings At Record Levels

Estimate August Shipments at Lower Levels Than Recently Shown

Abitibi Power & Paper Co. had record net earnings, before depreciation of $148,750 and bond interest of $286,585, amounting to $941,390 in July this year. This is more than four times the $191,633 earned in July, 1939.

G. T. Clarkson, receiver and manager, estimates that newsprint shipments in August will be 39,000 tons, compared with 46,168 tons in July and 25,310 tons in Aug., 1939. For the first seven months of this year, newsprint shipments have aggregated 250,948 tons against 162,495 tons in the corresponding months of 1939.

Shipments of bleached sulphite pulp for August are estimated at 7,100 tons compared with 7,472 tons in July this year and 3,291 tons in August, 1939. For the first seven months this year, bleached sulphite shipments have reached a total of 43,419 tons, compared with 22,181 tons in the same part of last year.

July earnings this year include $136,735 received as premium on U.S. exchange.

Monthly Earnings

	1940 $	1939 $
January	447,776	162,297
February	389,594	125,556
March	383,152	150,400
April	525,116	175,446
May	817,457	237,830
June	885,862	199,330
July	941,390	191,633
7 months	4,390,347	1,242,482

Municipal Finances

Sherbrooke, Que., ratepayers have approved the first municipal loan by-law since June, 1939, authorizing the borrowing of $225,000 for public works and unemployment relief. There were 449 voting in favor of the by-law, against 152 opposing.

* * *

Montreal will show a surplus of $750,000 for the first half of the current year, it is expected. There were savings of $1.3 million in the new budget prepared by the Quebec Municipal Commission. This was effected by paring administration costs and readjustment of salaries. Cut in half, this saving would amount to $650,000 at the half way mark.

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B. C. Packers Shows Status Can. Salmon

War Brings Loss of Markets While Price Competition Serious

On sales of $6.2 millions in the year ended April 30, 1940, British Columbia Packers Ltd. reports net profits of $390,632, equivalent to 6.3% of the total volume of net sales. Earnings of the company, according to H. R. MacMillan, president, were equivalent to 18 cents per 100 lb. of raw products.

He gives a breakdown of the company's income from sales as follows:

Distribution of Income

	$	%
Net sales	6,190,953	100
Distribution:		
Paid fishermen & empl.	2,961,776	47.8
Paid for supplies, etc.	2,204,798	35.6
Income taxes	369,935	6.0
Depreciation	263,813	4.3
Bal. for shldrs.	390,632	6.3

By purchasing Edmunds & Walker Ltd., B. C. Packers has become established in the fresh, frozen and cured fish industry. The principals of the purchased firm, both former employees of B. C. Packers, continue with the company. This acquisition is said to improve the market outlet for large quantities of fish which are best marketed by other means than canning.

War Cuts Markets

Mr. MacMillan discusses the effect of the war on the company's markets. Important overseas markets are taking reduced quantities. Selective and reduced buying by the United Kingdom endangers the company's greatest export market. At the same time, he says, there has been a decline in price of some competitive goods in Canada.

He claims that: "With a great part of our former world markets cut off from us by war, tariffs, and import restrictions, the time has come to be realistic about some aspects of British Columbia's salmon markets."

In the years 1922, 1930 and 1939 British Columbia's canned salmon was exported to the following destinations.

Destinations of Exports

British Empire

	1922 cases	1930 cases	1939 cases
United Kingdom	331,258	189,227	406,943
Australia	77,914	227,423	278,047
New Zealand	17,496	62,404	64,470
Br. South Africa	......	35,202	71,997
Fiji	8,844	11,015	15,020
British India	......	6,113	8,225
Br. West Indies	......	12,386	13,758
Other Br. possess.	31,586	22,217	......
Total Br. Empire	467,098	565,987	858,460
Other Countries			
France	362,958	219,854	108,283
Belgium	22,708	58,721	9,306
Italy	......	152,044	......
Colombia	......	5,011	9,252
Port. S. Africa	......	8,723	6,806
S. Amer. countries	......	57,319	......
Other European	24,796	......	......
United States	11,352	......	......
All other	19,919	73,526	43,363
Total other countries	441,733	575,198	177,010
Total Br. Empire	467,098	565,987	858,460
Total exports	908,831	1,141,185	1,035,470

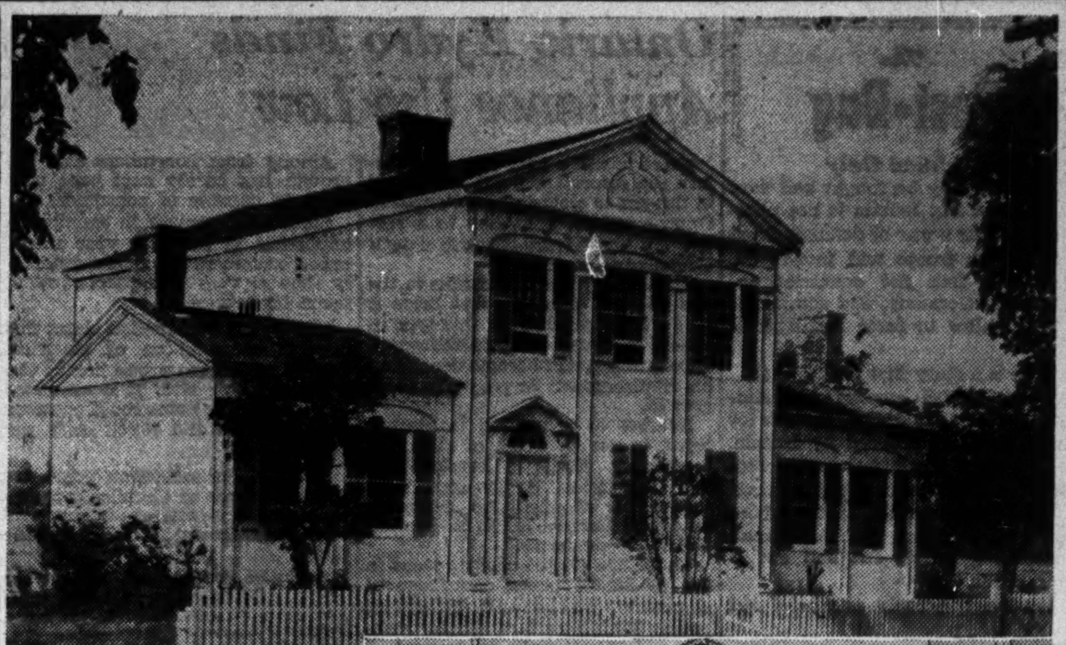
Shrinkage in foreign markets has been due to extension of nationalistic policies. Since April 30 this year, enemy action has removed markets which purchased over 120,000 cases of B. C. salmon in 1939. The growing pack of cheaper salmon by Japanese in the Orient has also had a detrimental effect on B. C. sales.

The United Kingdom has long been the world's greatest importer of canned salmon. Comparative standing of British Columbia in that market, its most important, was as follows in 1939.

U. K. Imports Canned Sockeye or Red Salmon, 1939

Source:	Cases	Cost in Can. Dollars Per Case
Japan	850,000	$11.88
United States	600,000	13.35
Canada	200,000	15.00
	1,650,000	

It has been suggested, Mr. MacMillan adds, that B. C.'s position in the U. K. market was endangered by maintenance of prices above the level established by the most important world producers.



TOURIST FOCUS

Canadians are awakening to the facts that they have a country studded with history and tradition, and that it is worthwhile to preserve the landmarks and relics of the past.

The vital impact of the rich tourist traffic upon the Canadian economy has had much to do with the awakening. Old forts, old houses, are being restored as focal points for tourist visitors.

Barnum House, opened by the Lieutenant-Governor of Ontario this week, is one such travel focus. One of the oldest houses in Ontario, it is a perfect example of the fine architecture of over a century ago.

Ontario architects, landscape gardeners and interior decorators joined to acquire and restore the old home. Under the Canadian Handicraft Society, it will be operated as host-house for tourists travelling the Toronto-Montreal highway.

Barnum House is near the village of Grafton, six miles east of Cobourg. It is situated on one of the continent's most travelled highways.

Staff photographs indicate how attractive is this ancient landmark, now shining in the glory of new white paint, period furniture and agreeable landscaping.

Market Opinions

Awaiting the outcome of the Battle of Britain, stock market comment from the U. S. is cautious, apparently favoring a policy of holding, but not extending existing portfolios.

Barron's N.Y. (The Trader)—Until there is assurance that Hitler can be stood off, there obviously can be little basis for broad and aggressive buying of stocks. Capital is notoriously timid and not in many a year has it been so frightened as it is today. . . . . That the Battle of Britain is the dominant stock market influence is also demonstrable by the scant consideration being paid to the character of the pending excess profits tax measure, which a few weeks ago was causing genuine uneasiness. . . . No one can question that critical days are ahead or that international anxiety may not end until late October. It may be that a natural and unmistakable culmination, like the Bank Holidays, must be reached before the air is cleared of agonizing suspense. But that such a possibility of itself entails the prospect of permanent disorganization of the American economy and far-reaching liquidation is not so certain. Since the process of discounting the worst has been under way too long to permit of its being a shock in the event of its realization, the odds are in favor of the ultimate surprise proving favorable.

* * *

Brookmire Counselor, New York, N.Y.—Now that the shock of the attack on England is being felt actually there, as well as psychologically in the stock market here, the resisting power of stock prices at these relatively low levels is being tested. While some selling has naturally occurred, the decline has been rather moderate. In the long run, moreover, the constructive effect of the national defense programme will grow in importance. A realistic viewpoint continues to require clients to recognize the havoc wreaked by war, yet at these low levels well warrant maintaining holdings of stocks in sound American industries.

* * *

The Annalist, N.Y.—It is likely that the next month will prove a critical one. The German attack is expected to reach its peak during this period. It is unlikely that the armament programme will get under way with sufficient force during this period to provide an offset for depressing news from abroad so that further testing of the market's support points is to be expected.

* * *

Financial World, N.Y.—The potentialities on both sides of the stock market are such as to indicate a middle of the road policy for the average investor. Full retention of good grade dividend paying shares is warranted, and issues of this type should constitute the bulk of one's holdings. The purchase of speculative issues, which would be more vulnerable to a price reaction, can probably be deferred for a while without loss of significant market profits.

Significant Investors' Index Numbers

1926 = 100

No. of Securities	Mach. and equip. 8	Pulp and paper 7	Milling 3	Oils 4	Textiles and clothing 10	Food and allied prod. 12	Beverages 7	Bldg., mater. 15	Power and traction 15	Banks 8	Total utilities 19	Total co's. 95
1929-39:*												
High	432.5	113.4	273.4	423.5	113.5	197.8	204.6	281.1	197.6	131.7	166.0	198.3
Low	39.2	3.0	37.7	87.7	30.8	78.8	33.8	44.3	47.1	63.1	36.9	43.3
1940: Monthly Figures:												
Jan.	134.3	24.5	98.8	155.8	86.4	183.0	135.4	150.7	61.3	84.5	45.7	99.7
Feb.	129.3	23.4	98.4	158.2	90.7	784.3	134.0	146.8	60.3	84.3	45.3	99.0
Mar.	134.1	22.9	96.5	155.4	91.4	185.7	135.4	146.5	61.1	85.1	47.1	99.1
Apr.	132.5	24.6	95.9	147.6	91.6	184.7	137.9	146.4	61.9	83.8	47.1	97.0
May	102.6	16.3	77.6	124.7	80.5	165.0	117.9	115.8	52.0	79.7	39.4	80.4
June	93.2	13.1	62.9	100.2	70.3	144.1	106.9	103.3	47.0	74.7	35.8	71.9
Weekly Figures.												
July 4	85.7	12.7	61.1	94.6	70.9	145.6	107.0	99.1	46.8	70.0	35.1	70.2
July 11	86.9	13.1	66.2	99.4	72.4	144.5	107.6	99.3	46.4	69.2	34.5	70.6
July 18	89.6	13.4	67.9	101.0	74.0	144.6	114.8	101.4	47.0	69.7	35.6	72.0
July 25	91.7	13.5	70.0	103.6	74.8	145.9	117.6	101.5	47.7	70.3	35.9	73.1
Aug. 1	94.7	15.3	70.0	105.8	76.2	149.1	119.1	105.8	48.2	71.2	36.7	75.0
Aug. 8	96.1	15.0	68.9	106.2	76.2	151.1	121.5	105.6	48.7	71.7	36.8	75.5
Aug. 15	95.0	15.1	67.7	103.0	75.2	150.0	119.6	104.8	48.2	72.1	36.5	74.5

*High and low for year from 1929 to 1939 inclusive are based on weekly figures compiled from figures issued by Dominion Bureau of Statistics.

Toronto Stock Exchange Index

	20 Indus.	20 Golds	10 B.M.	15 W.O.
Aug. 20	93.23	88.16	60.85	19.85
Aug. 19	92.89	87.53	60.62	19.91
Aug. 17	92.85	87.02	60.88	19.84
Aug. 16	92.69	86.93	60.67	19.84
Aug. 15	93.21	87.08	61.11	19.95
Aug. 14	92.93	86.29	61.09	19.78
Month ago	90.99	85.43	59.55	20.02
Year ago	105.10	113.21	84.45	25.18
High, 1940	128.84	123.80	88.97	33.31
Low, 1940	88.00	77.34	56.81	18.44

Montreal Stock Exchange Average

	10 Util.	20 Ind.	30 Chd.	10 Pprs.	15 Golds
Aug. 20	53.7	60.8	58.3	80.51	64.38
Aug. 19	52.9	60.2	57.7	77.63	63.74
Aug. 17	53.4	60.7	58.3	77.63	64.25
Aug. 16	53.5	60.9	58.5	77.78	64.17
Aug. 15	53.1	60.4	58.0	79.16	63.35
Aug. 14	52.9	60.6	58.0	79.39	63.18
Month ago	53.8	58.7	57.0	74.10	61.58
Year ago	63.7	66.5	65.6	58.80	104.18
High, 1940	69.2	92.2	84.4	132.63	100.81
Low, 1940	50.7	58.0	54.7	68.44	55.16

Doubt If Relief Can Be Cut

(Continued from page 1)

absolute unemployability, comprises between 50,000 and 60,000 persons.

April, 1940:	
No. of persons on relief	750,084
Deduct agricultural group	130,236
	619,848
Urban relief group: Employable persons numbered 164,790, representing, with dependents, total of	501,071
	118,777
Partially employable numbered 26,558, representing with dependents a total of	66,589
Unemployables and dependents	52,188

There is, of course, no prospect of finding the relief residue reduced to a figure of this size. Adjustments in industry require a marginal period in which fully employable persons and dependents will call for relief.

Other Reserves

At the same time it is a mistake to regard relief rolls as the whole labor reserve of the nation. Unemployed persons are not all on relief and never have been. An unregistered group of unemployed workers always manages to carry on through a period of unemployment, by private means or by private charity.

The war has taken up much slack in unemployment, but it has first absorbed unemployed workers not on relief. They are the class that have the greatest incentive to seek a job where it can be found. New industrial activity draws more slowly from relief rolls, and that is one reason why the drop in relief has been slower than the rise of war activity would seem to warrant.

Full Effect Not Yet

Full effects of the war in reducing relief requirements have not even yet been felt. There are a number of reasons. Non-registered unemployed persons are first at the factory's door for new jobs. Another is that the war has caused considerable dislocation in employment conditions. Most public works by Dominion, provincial and municipal authorities have been suspended. Construction and road work, two classes of employment that affect relief rolls greatly, were cut down at the outbreak of war, though recently the placing of war contracts for military establishments and airfields has offset the shrinkage of private projects and has sharply increased the demand for this class of labor.

Again, part-time workers have been given full-time employment before new workers have been taken on. Many workers labor longer hours, creating a lag in drawing new workers off relief rolls into employment. War work, moreover, calls for skilled mechanics more than any other class of labor, and this class is not found on relief rolls as much as unskilled tradesmen.

Finally, there is a group of relief recipients over 55 years of age. Their opportunity for new employment is limited. They tend to come into the class defined in the national relief registration as unemployable, though age alone under that definition constitutes no barrier to employment until a worker reaches 70 years.

Peak Was 1.5 Million

Peak figures for relief were marked up in April, 1933, when 1.5 million persons were listed. The figure for July, 1940, may be about 500,000. This includes dependents as well as employable persons and partially employable persons. The average head of a family on relief brings with him 3.4 dependents. Farmers as well as urban recipients are included in the 500,000 total, and a farmer on relief cannot be fairly regarded as unemployed.

So the actual reserve of labor that exists in the relief rolls is small. Every new steady job may take three or four persons off relief. The relief total will likely be reduced substantially by September, one of the peak months of industrial, and the peak month of agricultural, employment.

The Dominion Bureau of Statistics gives an estimate of 275,000 unemployed wage-earners at July 1, 1940. This total is 25% below the corresponding figure for 1939, which was 369,000. For July 1, 1938, the figure was 387,000.

But the war has brought a new factor into this situation. The figure of 275,000 includes a considerable number of enlisted men previously listed as unemployed wage-earners. In its latest report on employment, the bureau calls attention to the fact that its estimate, based on the census definition of a wage-earner, does not take into account army enlistment as a form of employment. There is, therefore, an overstatement in its estimate of 275,000 unemployed wage-earners at July 1.

By bringing enlistment figures into account, there is a considerable decrease in unemployed workers available for industrial employment.

Over 150,000 Troops

Figures given in Parliament recently showed active service enlistments at July 29 or 133,000 men, air force enlistments at July 11 of 1,157 officers and 11,620 other ranks, with no up-to-date figures disclosed for the navy. The total number enrolled for active service in the armed forces is obviously rising above 150,000, and it will probably go much higher in the months ahead.

The definitions used by the labor department indicate the nature of the group that will remain an unemployable category on relief no matter how much the wheels of industry speed up. Unemployable persons, so the definition goes, are those permanently precluded from employment by physical defect, mental defect, infirmity of age, habitual alcoholism, and in the cases of women, those who are widowed or separated from their husbands or whose full time is required to care properly for dependents. Fully employable persons are those who are readily available for work and who are physically and mentally able to accept gainful occupation.

A clear picture of the relief and labor reserve situation should be available when the forthcoming registration of the war services department is completed and tabulated. That will take some months, but it is bound to show an irreducible minimum of relief. At the same time, further inroads into relief rolls must inevitably result with the further speeding up of industrial activity for war.

Rail Earnings Higher In Week Ended Aug. 14

From Our Own Correspondent

MONTREAL. — Earnings of Canadian Pacific Railway Co. in the week ended August 14, amounted to $3.4 millions, an increase of $802,000 or 30.6% over the same period last year.

Canadian National Railways reported an increase of $1.2 million or 33.2% in gross earnings in the same week. Gross revenues of the all-inclusive system amounted to $4.7 millions, compared with $3.5 millions in the corresponding week last year.

Blue Ribbon Net Increases 15%

Additions Made to Plant —Inventories and Bank Loans Much Higher

After providing a reserve for increased taxes, Blue Ribbon Corp. reports the highest net profit on record in the year ended June 30. Net profit of $137,653 is 15% higher than in the previous year.

Many improvements and additions have been made to plants in Toronto reports J. M. DeC. O'Grady, president.

Bank loans at almost $1.4 million are more than double the figure of a year previous, but the president states these are being reduced steadily and substantially. The increase is attributed by Mr. O'Grady to substantially larger inventories which total over $1.8 million, almost double the figure of a year previous.

The increase in inventories has stood the company in good stead, according to the president, pointing to difficulties in obtaining and shipping some raw commodities. The new and higher taxes on both tea and coffee have made it necessary to carry larger stocks than formerly required.

Mr. O'Grady reports an increase from coast to coast in the lines marked "Blue Ribbon" and "Willard."

Radio Tube Case Important Test

As a result of the importation or sale of "Philco" radio tubes in Canada, an action was filed July 27, 1938, between Thermionics Ltd., plaintiff, a radio tube patent holding company, and Philco Products Ltd., Toronto, and Cutten-Foster & Sons Ltd., Toronto, defendants. The action requested an injunction charging infringement of radio tube patents owned or controlled by the plaintiff and claimed damages.

This action has been set for trial Sept. 17, in the Exchequer Court of Canada.

Outcome of this action is expected to have an important bearing on the future manufacture of radio tubes in Canada and the importation and sale of American-made radio tubes here.

Wood, Alexander & James Calls Bonds

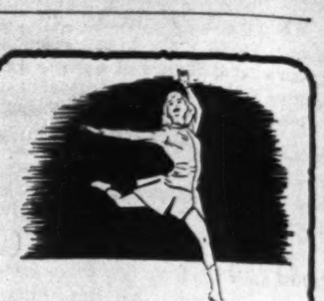
Wood, Alexander & James, Ltd., announces $26,500 of the 6% first mortgage sinking fund bonds have been drawn by lot for redemption on Sept. 30. Payment will be made at the rate of 103 plus accrued interest to that date.

Total of $118,000 of first mortgage bonds was outstanding as at Jan. 31, last.

Presentation for payment of those being redeemed is to be made at the main branch of the Bank of Nova Scotia in Toronto, Hamilton or Montreal.

Any bondholders desiring to surrender bonds called for redemption prior to the redemption date may do so at the National Trust Co., Hamilton. Payment will be made of 103 plus accrued interest to date of surrender.

Envelopes
for every purpose
Barber-Ellis of Canada, Limited
TORONTO - BRANTFORD
BRANCHES FROM COAST TO COAST



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VENUS-VELVET PENCILS 5¢
MADE IN CANADA

Canadian Locomotive received orders for $39,136 in the week ended Aug. 17 from the Dept. of Munitions and Supply.

CONSOLIDATED BALANCE SHEET OF

CANADA PACKERS LIMITED

AND ITS SUBSIDIARIES AS AT 28TH MARCH, 1940

ASSETS

Cash on hand	$ 21,309.00	
Accounts Receivable, less reserves	5,340,751.97	
Inventories of Products, Materials and Supplies on hand, on consignment and in transit—as determined and certified by the management and valued at the lower of cost or market less Reserves	10,947,397.24	
Life Insurance (Cash Surrender Value)	379,820.10	
Investment in Shares and Bonds at book value (Market Value $208,800)	197,435.00	
Prepaid Expenses	248,360.08	
Sundry Advances, Mortgages, Deposits, Balances Receivable and Advances to Employees for Expenses, etc.	224,908.38	$17,359,981.77
Investments in and Advances to Subsidiary Companies, less Reserve:		
Investments	$ 304,087.20	
Advances	74,552.00	378,639.20
Fixed Assets—Land, Buildings, Leasehold, Plant and Equipment		21,818,771.19
Fixed Assets which have been appraised are shown at their depreciated appraisal values, and other fixed assets are shown at not exceeding cost.		
The appraisals were made by—		
Dominion Appraisal Company Limited — 31st March, 1927.		
Canadian Appraisal Company Limited — 31st March, 1919, October, 1919, and 30th September, 1922.		
American Appraisal Company—1st October, 1919.		
Goodwill		1.00
		$39,557,393.16

LIABILITIES

Borrowings from Bankers and Others (Secured $3,895,600)		$ 7,155,590.17	
Accounts Payable and Accrued Charges		1,465,689.67	
Reserve for Dominion and Provincial Income, Sales and other Taxes and Municipal Taxes		1,190,127.55	
Accrued Bond Interest		19,882.89	
Dividend Payable on Common Shares 1st April, 1940		150,000.00	$ 9,981,290.28
Collateral Trust Debentures—Authorized	$6,000,000		
whereof issued			3,000,000.00
With Interest and Maturities as follows—			
2% Debentures due 2nd January, 1941	$ 750,000		
2¼% Debentures due 2nd January, 1942	750,000		
2½% Debentures due 2nd January, 1943	750,000		
2¾% Debentures due 2nd January, 1944	750,000		
	$3,000,000		
Reserve for Depreciation			11,413,393.81
Surplus on Appraisals			5,617,482.73
Capital—Authorized and Issued: 200,000 Common Shares of no par value		$ 1,438,284.46	
Earned Surplus Account		8,106,941.88	9,545,226.34
			$39,557,393.16

CONSOLIDATED PROFIT AND LOSS ACCOUNT

For the Year Ending 28th March, 1940

				Percentage to Sales
Net Sales			$91,912,719.77	
Less Transportation Charges			3,707,080.02	
			$88,205,639.75	100%
Cost of livestock and all other products		$69,767,159.36		79.1%
Cost of materials and packages		2,461,790.30		2.8
Wages and salaries		7,736,780.98		8.8
Expenses,—Selling, Advertising, Repairs, and general operating costs		3,808,775.20		4.3
Wartime Inventory Reserve		579,000.00		.7
Depreciation on Fixed Assets		898,061.71		1.
Interest on Collateral Trust Bonds		95,564.79		.1
Taxes paid or reserved for:				
Provincial Corporation and Municipal Taxes	$278,230.39			
Dominion and Provincial Income and Excess Profits Taxes	916,284.74	1,194,515.13		1.3
			86,543,667.47	98.1%
Profit from operations			$ 1,661,972.28	1.9%
Other income less deductions:				
Income from investments		$ 1,865.75		
Net profit on properties		3,971.75	5,837.50	
Net profit for the year			$ 1,667,809.78	1.9%

Bond Markets

Investors May Mark Time Until War Loan Ready

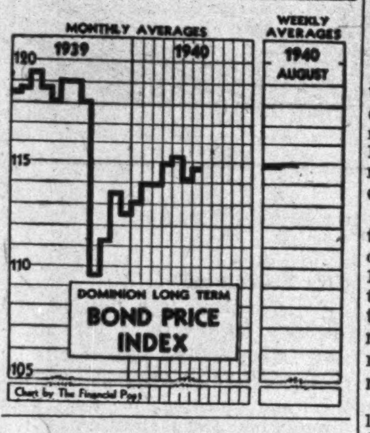
Speculation Centres on Whether or not Coupon Rate to be Lower — Trading Continues Light and Prices Firm

Investors look to a lull in government bond trading during the next few weeks pending the next Dominion war loan, which Finance Minister J. L. Ilsley announces will be offered on or about Sept. 9. Speculation is rife, however, as to what the terms of the issue will be. Current feeling is the government may obtain a more favorable coupon rate than the 3¼% on the January issue.

While trading continues quite light, prices remain firm. Indicative of the strength of the high-grade market is the low yield on Dominion treasury bills. Figure of 0.649% for the Aug. 15 issue is the fifth consecutive decline, and the lowest since the outbreak of war.

Prices of Dominion and both eastern and western provincial issues have shown practically no change. Fractional gains have been made in a few cases. Corporation bonds continue to show the tendency to hold previous gains, but except for some of the more speculative issues there has been little change.

* * *



Good Gains

Good gains have been shown in bond prices of Manitoba, Saskatchewan and New Brunswick since these three provinces met heavy summer maturities. Manitoba took care of a $1 million Aug. 1 maturity and at the same time made arrangements to meet $3.1 millions falling due Oct. 1. Saskatchewan refunded $4.5 millions which matured July 1, while the Maritime Province followed the same procedure for a $1.4 million issue which fell due Aug. 1.

Prices of Saskatchewan issues are practically back to January levels, but Manitoba and New Brunswick prices are mostly somewhat below the quotations of eight months ago.

* * *

Grim Determination

Improved sentiment toward issues of these provinces is noted as a result of maturities being met. While this feeling is no doubt justified by the grim determination of the provinces concerned to continue to uphold their credit standing at heavy cost, it cannot be overlooked that difficulties are still ahead.

The problems of the western provinces will be added to this year by the emergency arising as a result of the bumper wheat crop and a lack of sufficient markets or storage. If the farmers cannot obtain payment for their crop—and it is not clear yet just what can be expected—provincial governments face even more troubled times. If it is necessary for the provinces to make substantial additional commitments to the farmers in order to tide them over while their grain is stored, the fiscal difficulties to the provincial administrations still may be as great.

* * *

Saskatchewan Leads

Saskatchewan issues have shown the best recovery this summer. Six of the seven most widely traded of its issues have recorded gains since the end of June, while the other issue is unchanged. Smallest increase was a half point advance for the 4% issue due in 1954, while the widest advance was shown by the 5½% issue due in 1952—up 5½ points.

All five of the Manitoba issues which are the most widely traded have recorded gains since July 30.

All six of the New Brunswick issues which are the most widely traded also have shown advances since July 30. Smallest gain was one point in the case of three issues, the 3% bonds maturing in 1951, the 4% issue of 1947 and 5% issue of 1960. Widest gain was three points in the case of the 3¼% issue of 1949.

The following table illustrates the performance of these bonds:

	Asked Prices			
	Aug. 20	July 30	June 28	Jan. 2
Manitoba:				
4% due 1957..	88	87½	87	89
4½% due 1956	90½	88½	89	93
5% due 1959..	94½	92	91	98½
5½% due 1955	95½	93	92½	100
6% due 1947..	101	99½	99	102½
Saskatchewan:				
4% due 1954..	73½	73½	73	72
4% due 1960..	72	72	69½	71
4½% due 1951	85	85	85	81
4½% due 1960	75½	75½	73½	76
5% due 1958..	79	79	75	82½
5½% due 1952	84½	84½	79	86½
6% due 1952..	87	87	83	90
New Brunswick:				
3% due 1951..	85	84	85	91
3¼% due 1949	88	85	87	94½
3½% due 1956	85½	84	85	94½
4% due 1947..	96	95	96	101½
4½% due 1961	97	95	96	105
5% due 1960..	101	100	101	110

* * *

U. S. Stake in Canada

The United States has a gigantic stake in Canada. Preparation for defense of the Western Hemisphere by the two neighbors is only the logical concomitant of a closer economic and trade liaison.

Both nations have extensive investments in the other country. In fact, Canada is the principal debtor of the United States.

Only 4.9% of Canadian issues held in U.S. are in default. This proportion is attributable to Alberta's defection and the defaults of municipalities in the Dominion.

This good showing contrasts with the record of other members of the Western Hemisphere. Latin America, for example, has 77.2% of total indebtedness in default, with principal of $1.6 billions. There is 58.2% of indebtedness to Europe in default of $1.5 billion principal amount.

* * *

Bond Index

The D.B.S. index of long-term Dominion of Canada bonds at 115.0 for week ended Aug. 15 was up 0.1 point from the previous week. It was off 4 points from the same week of last year and up 0.4 from the corresponding week of the previous month.

DOMINION OF CANADA
Long-term Bond Index

	Latest week Aug. 9-15	Preceding week Aug. 2-8	Weekly average year ago
Price	115.0	114.9	119.0
Yield	72.2	72.4	67.2

Bond Sales

Kitchener, Ont.

The Dominion Bank has purchased an issue of $241,611, 3% debentures from Kitchener, Ont., at a price of 99.78 to yield 3.04%. Total of $225,000 consists of 10-year installment debentures to cover costs of construction, improvements and extension to hydro-electric power plants of the city. Balance of $16,611 matures in 15 installments and is to cover cost of local improvements.

List of tenders follows:

Dominion Bank	99.78
A. E. Ames & Co.	99.67
Harris, Ramsay & Co.	99.65
Bank of Montreal	99.56
R. A. Daly & Co.	99.09
Fry & Co.	
Dominion Securities Corp.	96.65

* * *

Halifax, N.S.

Stanbury & Co. and a syndicate of 10 other Halifax brokers are offering $174,000 of city of Halifax 4% serial debentures, dated Aug. 1 and maturing 1946-50. Average cost to the city will be 4.229%.

* * *

Hamilton, Ont.

Harrison & Co. has purchased $200,000 City of Hamilton 1¾% treasury notes on a cost basis of 1.75%. The issue is dated Aug. 7 and matures Nov. 7. This brings to a total of $500,000 the treasury bill financing done by the city this summer, a previous issue for $300,000 dated July 26 and maturing April 15, 1941, having been purchased by the same company.

* * *

Dominion Treasury Bills

Yield on Dominion Treasury Bills continues to decline. An issue of $40 millions sold Aug. 15, maturing Nov. 15, sold at a price of 99.83666 to yield 0.649%. This is the fifth consecutive time yield has declined. This price compared with 99.83062 and yield of 0.673% for the previous issue dated Aug. 1. Yield on the Aug. 15 issue was the lowest since Sept. 1, last.

Current issue is to redeem $25 millions dated May 15 and $15 millions issued May 1. The latter amount was sold in connection with the Dominion Government taking over the gold reserves of the Bank of Canada May 1.

* * *

Windsor, N.S.

Cornell, MacGillivray Ltd., Halifax, is offering, at 100, a $40,000 Town of Windsor, N.S., 4% issue of debentures, maturing 1941-50.

* * *

Antigonish, N.S.

Cornell, MacGillivray Ltd., Halifax, is offering at 99.29 an $11,000 Town of Antigonish, N.S., 4% issue of debentures, dated July 15 and maturing 1941-51.

* * *

Wolfville, N.S.

Cornell, MacGillivray Ltd., Halifax, is offering at 98.05 total of $53,000 Town of Wolfville, N.S., debentures. The issue is dated July 15 and includes $35,000 bearing interest of 4%, maturing 1941-60; and $18,000 bearing 3½-4% interest, maturing 1941-58.

* * *

St. Joseph de St. Valier

Dube, Leblond & Co. is offering at 100 a $55,000 issue of Sisters of St. Joseph de St. Valier 4½% debentures.

* * *

Corp. de l'Ecole Polytechnique

L. G. Beaubien & Co., Banque Canadienne Nationale, Rene T. Leclerc Inc. and Savard, Hodgson & Co., are offering $230,000 of debentures of La Corporation de l'Ecole Polytechnique, in Montreal. The issue, dated July 2 and maturing 1941-60, bears interest of 4% and is being sold at prices to yield from 4.00 to 4.54%. It is secured by a grant from the province of Quebec. Proceeds are being used to add a 5-story wing to a technical school.

Honey Dew Continues to Show Improvement

Sales and profits of Honey Dew Ltd., national restaurant chain, continue to improve. July this year showed sales of $135,101 against $106,214 a year ago, a gain of 27.2%. For the first nine months of the current fiscal year, sales have totalled $955,810, a gain of $151,554 or 18.99% from the corresponding months of a year earlier.

Profits, before provision for income tax, were $10,329 in July, more than double the figure of $4,831 in July, 1939. For the eight months aggregate profits, before taxes, have been $44,278, compared with a loss of $1,665 last year.

New War Loan In September

Will Be For $250-$300 Millions — Terms Not Announced

Canada will offer its second war loan on or about Sept. 9, Finance Minister J. L. Ilsley has announced. The loan will be for $250 millions to $300 millions, it is expected. Announcement of the terms will precede the offering by a few days.

This is Canada's second war loan. The first flotation was made in January of the current year for $200 millions. The bonds bore an interest coupon of 3¼% and mature 1948 to 1952, inclusive. Offering price was set at par and accrued interest.

No intimation has been given by the Government as to the terms of the new issue. A popular guess is that the coupon will be 3%, and the bonds will be offered at a discount to yield approximately 3⅛%. This paring of yield would conform with the precedent established by the British Government which lowered the return on its last loan.

Refunding Issue

Announcement by Finance Minister Ilsley of the forthcoming loan contrasts with the secrecy which was maintained on the first war loan. However, the loan and its approximate issue date had been forecast correctly for some time.

The Government will at the same time effect refunding of $75 millions of the 4½% refunding loan, due Sept. 1. and issued in 1925. Holders of the maturing bonds will be given the alternative of presenting the maturing bonds for redemption or renewing their investment in the new issue.

This is the same procedure followed in the first war loan when $53.3 millions of 3% bonds were offered for conversion. There was $50 millions of this amount allotted, making total of new bonds issued $250 millions.

It is apparent that the present offering will not meet the Dominion's requirements for the full year. In fact, the present loan will probably be much less than half the year's deficit.

Record Deficit

Despite heavy increases in taxation the country faces a deficit of $500-$600 millions. This is based on ordinary expenditure of $448 millions and war expenditure of $900 millions. The war estimate is far from fixed and might be scaled upward or downward as circumstances require.

At the present time expenditure on war is not proceeding at the level necessary to bring total war expenditure for the year to $900 millions. However, this will probably be greatly increased as Canada's armament programme gains ground.

Ordinary revenue under the old taxation structure was estimated at $650 millions. New taxes are expected to yield an additional $110 millions.

Revenue has been buoyant in the year to date, and estimates of revenue for the entire year might be above estimate.

Wheat Boosts Deficit

There is one factor, however, which might increase the deficit considerably. That is Canada's near-bumper wheat crop. With only U. K. left as a market Canada will be precipitated into the grain business in a big way. As the situation now stands the paradox of surplus of food in a world of want will prove costly to the nation. The expenses thus incurred might well dwarf the savings from C.N.R. deficits and unemployment relief.

In any event, it would appear certain that the present loan is far from sufficient to tide Canada over until the new fiscal year beginning April 1, 1941.

The Government will probably adhere to its policy of tapping the small investors before it goes to the large institutional investor. The latter still remains the reservoir upon which the Dominion can fall back when financing becomes a little more difficult than it is at present.

Ready Market

No difficulty is expected in disposing of $250 millions or $300 millions of Dominion bonds. The small investor is still anxious to aid in financing the war and will stand considerable soliciting by the Government before he becomes disinclined to invest his money in bonds. And there is still money in savings accounts. The Bank of Canada statistical summary for June-July shows demand deposits of $821 millions and time deposits of $1,609 millions.

Large institutional investors are waiting for the loan and have been holding back large sums for investment in the much-heralded second war loan.

In the first war loan the $200 millions offering was oversubscribed by 60%. The loan was distributed to 178,363 investors and the average purchase was $1,327. There were 172,231 subscriptions for amounts from $50 to $5,000, indicating the wide distribution of the loan.

Taxes Cut Surplus

Since the first loan there have been war savings certificates to take up some of the smaller savings. In fact, this medium will probably eliminate a great number of the very small investors. On the other hand, response to the small denomination cumulative loans has been much better than expected and obviates the necessity of providing an equivalent amount on the next loan.

Heavy taxation is a boomerang which is likely to bounce back. The surplus of the small investor that would have been available for war loans is now taken over in part by the taxing authority.

Directors of War—VII

Drafting men of special abilities from Canadian industry, financial institutions and the Dominion civil service, there has been created a vast machine for prosecuting Canada's war effort.

To familiarize businessmen with the personnel and various functions of Canada's special war organizations, The Post is publishing a complete roster of these bodies, of which the following is the seventh installment.

Previous installments of Directors of War have covered the general organization of the Government and its departments for war purposes, the Department of Munitions and Supply, and the units under the Department of Labor — Wartime Prices and Trade Board, Labor Supply Council and the special groups handling matters of agricultural marketing and supply. This week's roster is devoted to the Foreign Exchange Control Board.

Foreign Exchange

(Hon. J. L. Ilsley, Minister of Finance)

Purpose of the Board has been to set up a complete system of exchange control in order to conserve the foreign exchange resources and to prevent the dissipation of our capital into speculative or other unessential uses abroad. The Bank of Canada is technical advisor and banker to the Board.

PERSONNEL OF THE BOARD

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Windsor Office: K. C. Maclean, Bank of Canada, Ottawa. W. M. Morphet, Royal Bank of Canada, Windsor.

Cosmos Sells Serial Notes

10-year Notes Used to Refund Preference — Business at High Level

Cosmos Imperial Mills, Ltd., is well ahead of this time last year in both sales and earnings, The Financial Post is told. This supports earlier predictions that 1940 may set a record for recent periods for this company.

War orders are contributing substantially to the heavy volume of business being handled in the company's plants at Hamilton, Ont., and Yarmouth, N.S. Domestic business is said to be off somewhat this year, but this is more than made up by the amount of government business obtained.

Ordinary export business, never a large proportion of the company's total, has been reduced but shipments to Great Britain have gained largely in recent months. At present it is said that upwards of 40% of the output of the Yarmouth mill is going overseas, with Empire countries taking practically all of these shipments.

Issues Serial Notes

Cosmos Imperial has notified holders of its 5% first preference shares that these are to be redeemed Oct. 1, 1940, at $105 a share, plus dividends accrued from July 15. Certificates are to be presented to the Bank of Nova Scotia, Toronto, for payment.

It is understood that the company is issuing 10-year serial notes to provide the funds required for this redemption. No public offering will be made as the new notes are being placed privately.

At the end of 1939, Cosmos Imperial had $430,400 of this preference stock outstanding, but it is understood that this has since been reduced to around $424,000.

Southern Canada Earnings Higher

July Net Up $3,103 — Down $19,652 in 10 Months

From Our Own Correspondent

MONTREAL.—July earnings of Southern Canada Paper Co. showed improvement over the same month last year, with net earnings increasing $3,103 and surplus by $1,637.

In the 10 months to July 31 net earnings increased $2,272 to $1.1 million. Because of a higher allowance for depreciation, amortization and dividends, surplus in the 10-month period was reduced to $3,943 from $23,595 in the corresponding period of the previous year, a decrease of $19,652.

Following are statements of earnings in July and the 10 months to July 31:

Earnings Statement

July:	1940	1939	Incr.
Gr. earns.	$227,905	$199,502	$28,403
Oper. exps.	116,072	90,772	25,300
Net earns.	111,833	108,730	3,103
Int., depr., amort. & divs.	111,044	109,578	1,466
Surplus	789	*848	1,637
10 Months to July 31:			
Gr. earns. ..	2,225,230	1,996,625	228,605
Oper. exps..	1,096,324	869,991	226,333
Net earns. .	1,128,906	1,126,634	2,272
Int., depr., amort & divs.	1,124,963	1,103,039	21,924
Surplus	3,943	23,595	d19,652

* Loss. d—Decrease.

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quality attracted me from the start

WILL NOT AFFECT YOUR THROAT • • IN PACKETS 30¢
ALSO IN THE NEW HANDY BOX 60¢ • IDEAL FOR POCKET OR HANDBAG

CRAVEN PLAIN (Without Cork-Tip) SAME FINE QUALITY AS CRAVEN 'A'
Carreras Ltd., London, England—150 years' Reputation for Quality

Simpson's Mail Order Enters Wide Field

The fall and winter mail order catalogue of Simpson's Ltd. has just been issued and for the first time includes all types of merchandise. This is in line with the recent expansion in facilities and additions to the number of departments.

The new volume, the largest and most attractive in Simpson history, is a third larger than the previous issue, including 88 more pages—a total of 362. Total circulation of nearly one million is probably a record figure.

Formerly the catalogue had been restricted primarily to furniture and other household articles and to "soft goods"—clothing, bedding, curtains and other fabric goods. In this catalogue, however, farm and dairy equipment, hardware, paints, household lines, infants' goods, sporting goods, car parts, tool and accessories departments have been added.

More Lines

Lines previously carried have been added to. This is noted particularly in the wider selection of dresses, coats and millinery.

Production of the catalogue has been improved, with more illustrations and photographs in color. More use has been made of four-color rotogravure. An advanced type of binding machine lets the book open flat on a table in spite of its increased size.

Considering the trend of the times, an official states, price advances have been comparatively few. In some instances there actually have been reductions.

Wider Choice

The catalogue offers a wider range of choice than ever before. This has been made possible in spite of the loss of many lines and varieties of goods as a result of interruptions caused by the war.

Increased wartime employment has developed an interest in better quality goods, officials remarked, adding that this is reflected in the catalogue, with the number of such lines increased.

Important additions have been made to the Halifax and Toronto mail order departments and increased space has been provided at Regina.

Rossland Plans to Reorganize

Proposals Provide For Reduction of Interest to 4%

To avoid default, plans of reorganization for the city of Rossland, B.C., are being worked out.

A plan outlined by McDermid, Miller & McDermid Ltd., Vancouver, fiscal agents for the city, would provide for a new issue of 20-year sinking fund debentures bearing interest of 4% per annum. Debentures now outstanding carry interest of 4½% to 6%. Principal of about $212,000 matures within the next 10 years, and the sinking fund is understood to be about $68,000 in arrears.

Special legislation will have to be passed in the B. C. Legislature. The consent in writing of 51% in value of the holders of outstanding debentures is needed before this can be sought.

The city has found it necessary this year to increase taxation in order to meet obligations. The mill rate has been increased from 42 mills on land and 50% of improvements to 60 mills on land and 40% of improvements. The council also has expressed its desire to restrict expenditures.

Hunt's Ltd. Sales Slightly Higher

Hunt's Ltd. had sales in the first seven months of the current year approximately 2% to 3% above the corresponding period of 1939. Because of increasing costs, however, it is said that profits have not kept pace with sales.

Another of the new type stores is nearing completion which will give the company 13 of the modernized type. Expenses in this changeover have been substantial but company officials claim well justified by results to date.

Bond Redemptions

Bond Issues:	Rate	Year	Due	Price
Riordon Pulp	6%	1942	Dec. 31	105
Prov. L. H. Pr.	†5%	1946	Sept. 1	105
Wood, A. & J. ..	‡6%	1944	Sept. 30	103

Drawn by lot: †$67,000; ‡$26,500.

Stock Redemptions:

Cosmos Imperial 5% 1st pf. Oct. 1 *105

*Plus accrued dividends from July 15, 1940.

Bond Tenders

Sept. 3, Joliette, P.Q.—$74,500, 3½ or 4% dated July 1, 1940, redeemable serially in 20 years.

Dont wait
for a leak
to warn you

Among prominent Canadian companies which have chosen Murray Roofs are:

Swift Canadian Company Limited
Steel Company of Canada Limited
Dominion Rubber Company Limited
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Societe St. Jean Baptiste de Montreal
Colgate Palmolive Peet Company Limited
General Foods Limited
Massey Harris Company Limited

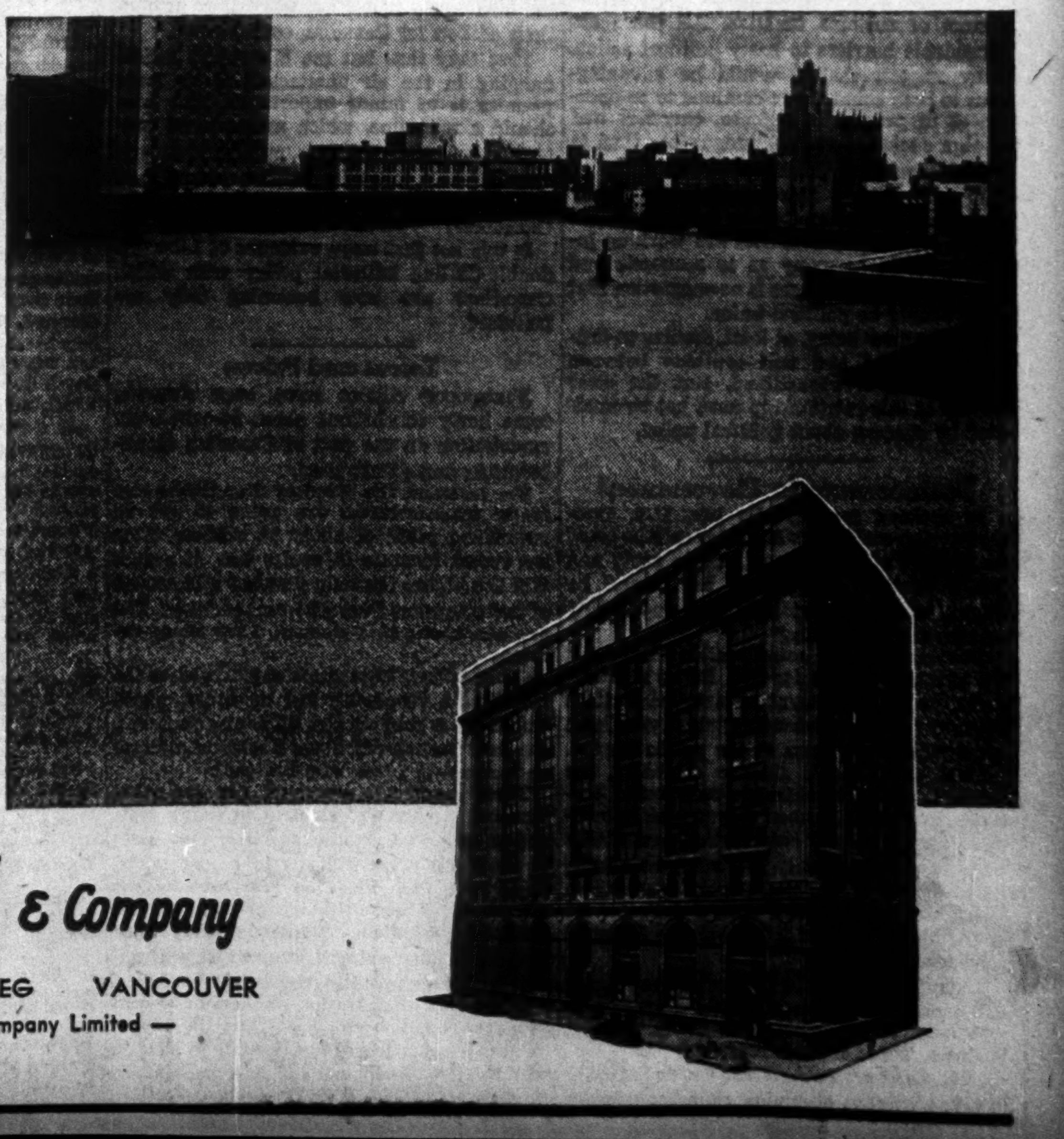
Famous Building Adds Years of Useful Life With a New Murray Built-up Pitch & Gravel Roof

One of the landmarks of the Montreal financial district and a popular business address, the Shaughnessy Building on McGill Street is known for its unusually high standards of maintenance. In keeping with the management's policy to keep this building "new", when renovations were undertaken a Murray Built-Up Pitch and Gravel Roof was applied.

Time tested materials — a long record of satisfactory performance — inspection service that begins with the preliminary recommendations and remains constantly "on the job" during the application — these are the reasons why so many value-minded executives decide that when it comes to roofing, it must be Murray.

FREE ROOF INSPECTION SERVICE

Let us send an inspector to appraise the condition of your roof and advise what action should be taken, if any, in the interests of long term economy. A written report will be submitted. There is no obligation.



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GREAT BRITAIN, London—Sun of Canada Bldg., 2, 3 and 4 Cockspur St., London, S.W.1, Telegraphic Address, Atabek, Lesquare, London.

TORONTO, AUGUST 24, 1940

One-Man Co-ordinator For Supply

For Canada and the United States to unite in a common defense policy requires more than co-ordination of the three branches of the services—air, navy and militia.

It requires co-ordination in the procurement of equipment and supplies.

Thus, if we are to plan quickly and effectively a joint defensive programme we must decide not only our military strategy but also the disposition and use of our wartime economic plant and materials.

For instance, Canada with unlimited sources of cellulose might be entirely responsible for certain explosives which use this material as a base. The United States, on the other hand, would probably accept complete responsibility for the supply of airplane engines.

Many similar examples could be cited.

In short, common defense implies co-ordination of production to ensure the most efficient use of labor, machinery and raw materials. Canada can no longer plan her munitions and supply programme independently.

In these circumstances, it becomes imperative that we should at once place the control of munitions and supply under a business-type of organization.

As yet Canada has appointed no "general manager" of its supply organization. The "boss" is Hon. C. D. Howe. He has a dual role as policymaker and administrator. Though he has abundant vitality and ability he cannot indefinitely continue to do a satisfactory job in both capacities. The strain on his energy and resources is already too great. It will now be increased by the need for enmeshing Canada's procurement programme with that of the United States.

Appointment of a general manager in charge of Canada's wartime supply programme would free the minister for his duties as policymaker and ministerial head of the department. It would also protect Mr. Howe from charges of political favoritism.

It would greatly facilitate the new procurement programme implicit in a Canada-U.S. defense pact.

Tools of Victory

Slowly we forge new tools of victory.

One useful tool is our national registration. It will give much-needed information as to actual and potential manpower.

Its value will depend on the speed with which we put this knowledge to use in channelling and mobilizing our industrial and military forces.

Our defense alliance with the United States cannot be overestimated. Premier Mitchell Hepburn did not overstate the case when he described it as "the most advanced international gesture in the history of the American continent." It was most urgently needed.

Now that the first steps have been taken amid almost universal approval there must be no stumbling blocks to complete military and economic co-ordination between the two nations.

By this means, Canada can make one of the greatest single contributions to the common cause.

Canada and Newfoundland

Though there is bitter disagreement as to whether or not Canada should formally unite with Newfoundland, events are rapidly bringing these two countries more closely together.

Newfoundland is now the outpost of North American defense. From her excellent air bases, hostile aircraft could range along the east coast of the continent. Vast forces could use the island as a jumping-off point for American invasion—a fact which Prime Minister King and President Roosevelt undoubtedly discussed last week end. Already Canadian troops are stationed in the Colony and Canada has assumed responsibility for its defense.

The economics of the two countries offer no very sound basis for political union. The Maritimes and Newfoundland are competitors on world fish markets. Pulp and paper are exported by both countries. With the exception of iron ore, most of the Colony's chief products are competitive rather than complementary to our own.

Then, too, there are the Colony's high public debt, its different standards of living, its system of customs taxation. All these are formidable barriers to hasty political action. They suggest that it would be advantageous to both countries to continue to co-operate as at present in defense, currency and foreign exchange control, etc., rather than to consider political union.

In many ways this problem is closely analogous to that of Canada and the United States. Both these countries are working increasingly in harmony as to economic and military policy, yet there is no suggestion that there should be political union.

For the time being, at least, similar co-ordination should and will continue between Canada and Newfoundland. But the clear waters of this relationship need not be muddied by concern about political union.

Businessmen in Government

In retiring from public life, U.S. Postmaster-General James A. Farley said he could no longer "afford" to continue in party and public service. "The time has come," he stated, "when I must look after my family and myself financially."

Obviously dollar considerations were not the primary reason for Mr. Farley's retirement. But his statement reflects the position of many men of outstanding talent who have spent productive years in the public service.

Most of Canada's finance ministers, for example, could have made substantial fortunes for themselves had they stayed in business. Their political contribution was gladly made, no doubt, but it was made at considerable personal sacrifice. On the other hand, many able businessmen with a desire to be of public service are held back by financial considerations.

Today Canada has in its service the counsel and energies of scores of "dollar-a-year" men who have never before been doing "public" business. There are two reasons for this.

First, they are being given an opportunity to serve without becoming emmeshed in the machinery of party politics. Second, most of them have been "loaned" by their employers, are still on the company payroll. The business talent now working at a nominal figure for Canada represents many millions of dollars worth of salaries for which industry is currently receiving no return.

When the war is won this relationship should be maintained and wherever possible extended. There will be vast and complex problems of state requiring a high degree of business judgment for their solution. There will be problems in which Government could effectively utilize the type of men now sharing war's administrative burdens. In peace, as in war, industry would gladly contribute personnel.

One way to facilitate this mobilization of industrial brain power would be to permit the Prime Minister to include in his Cabinet men who were not a part of the political "machine" and who did not have to assume political responsibility for their departments in the House of Commons.

This plan has proved of great benefit in the United States. It would be a useful innovation for Canada either in peace or war.

What the Mahatma Said

In Liberty Magazine, the Mahatma Gandhi has an article discussing what India would do if it were invaded. It would fool the invader by a policy of non-violent non-co-operation, which he describes.

Apart from this piece of whimsy, the most curious feature of the article is that it does not suggest who is going to invade India. The Mahatma says India faces two alternatives: either a victory by Britain over Germany, or a draw, "leaving the Empire completely or virtually untouched." That certainly does not suggest possibility of an invasion by anyone.

But the mystery is solved when one reads the same article in the American edition of Liberty. There it is found that the Mahatma presented a third alternative: that England would be defeated and her "conquerors" would set out to break up the Empire, India being the richest prize.

The editors of Liberty dropped that part of the Mahatma's article out when they printed their edition for Canadian consumption.

That they thus left the Mahatma's article hanging in the air unattached to its main premise is of minor importance. But why should a magazine, which makes some pretensions of being Canadian, publish to Americans defeatist talk of a possible conquest of Britain that it does not dare to present to Canadians?

Is this not just more evidence of Liberty's double-dealing editorial policy with which Canadians are now becoming only too familiar?

Taxes and Prices

Newspaper editors have been drawing some hasty conclusions about so-called tax exploitation on the part of Canadian manufacturers and distributors.

For instance, the Windsor Star thinks cigarette manufacturers are going to get an unjustified profit of about $4 millions from the recent increase in excise tax. It argues that the higher tax only justified withdrawal of two cigarettes from a 25-cent package. The manufacturers, it is claimed, have taken out three.

Other editors have made capital out of the fact that a processing tax on bread which amounted to roughly two fifths of a cent on a standard loaf caused some bakers to attempt an increase in prices of a full cent.

These comments overlook the fact that taxation is only one element in fixing costs and prices. Also, small or fractional increases in costs are often difficult to adjust fairly. Sometimes they must be "carried" by the manufacturer because they cannot immediately be passed on. Sometimes they must wait until other changes occur which warrant moving prices up to higher levels.

In the case of cigarettes, smokers of 25-cent packages have been benefitting in recent months because it was not possible to pass on entirely the tax increase of last September. Now the additional tax has forced an adjustment which seems unfair only when looked at alongside the latest tax increase.

Through its Wartime Prices and Trade Control Board, the Government has set up effective machinery to deal with attempted profiteering in the "necessaries of life." There will be no hesitation in exposing any who take advantage of special taxation to increase prices unfairly.

On the other hand, where legitimate price increases are required, whether stemming from war taxation or other causes, it would be the simplest kind of good public relations for firms to explain to consumers just why they are being asked to pay more, or get less for their money.

Editorials in Brief

Just Two Years ago a President and a Prime Minister met at Ivy Lea. They were denounced by a provincial Premier for meddling in St. Lawrence Power and Seaway affairs.

Last week the same two men met at Ogdensburg to talk defense—and perhaps power matters also.

This time their discussions were loudly and wisely praised by the same provincial Premier who now doubtless wishes he had not been so ebullient about power matters two years ago.

* * *

The Vancouver Province thinks Ottawa could find a more inspiring title for our men in khaki than "non-permanent militia."

What about it, Mr. Gardiner?

* * *

Another fine publicity boost for Canada is Robert Stanley's personal message to shareholders of "I K" urging them to visit Canada and telling of Canada's heroic effort to win the war and to maintain her U. S. purchases.

* * *

"The Tokyo Press Club" sends us a copy of "Japan Surveys the European War." Quoted are numerous editorials in Japanese newspapers on the war, the Polish campaign, the rape of Finland, the attitude of Italy, the aspirations of Indian "nationalism," etc.

While complete unanimity of opinion on all phases of the present series of world struggles is not shown by the Nippon press, the tendency is to support Hitler's aggressions, to condemn Britain and hope for her defeat, to jeer at the United States, to laud the German-Soviet pact (on the ground that it strengthens Japanese "bargaining power") and to urge closer relations with Italy in the hope that both countries can derive some benefit out of the preoccupation of other nations with war.

The document is a mischievous one, and more brilliantly subtle than most Japanese propaganda.

Ottawa could properly examine such documents more carefully before admitting them to general circulation in Canada. If Herr Goebbels had paid the bills for this one, he would have made a good investment.

The Canadian Editorial of the Week

All Canadians Must Fight Tyranny

Der Nordwesten, German Language Newspaper, Winnipeg

The registration of all Canadians is a timely and right action on the part of the Dominion Government. The task is likely to be completed with speed and efficiency. While the primary object is not to draft men into military service, it will ascertain in a very thorough manner who is fitted for such and who is not; and it will also reveal what contributions Canadians as individuals can make to the war that Canada, together with the Empire and its other Dominions, is waging against the tyrannical forces of Hitler and Mussolini, now seeking to destroy every shred of liberty and freedom enjoyed by the free democracies of the world.

This National Registration is compulsory and any evasion is punishable by severe penalty. But even if that were not the case, we believe our people of all races would comply with it readily. In doing this, however, let no one delude himself with the thought that his responsibilities are over. As far as we in this country are concerned, they are only commencing for all of us.

The views expressed by Der Nordwesten from week to week do not exaggerate the seriousness of the situation that confronts us. We believe our readers understand that, for our attitude has been generally commended.

It would be much more pleasant if we could say that we are safe on this side of the Atlantic from the terror which is, day and night, sweeping over the British Isles. But we are not—and though we should escape the physical dangers, what would it profit us, if we were to be subjugated instead?

We are keenly appreciative of the difficulties that the tragedy forced upon us, brings to loyal German Canadians. Many of them still have close ties of kinship with their Fatherland and the sentiments which arise from that fact are not readily eradicated, nor should they be under less dangerous circumstances. This, however, is the day of stern realism. All those who love Canada must put Canada first, and must act with all the force of which they are capable, remembering that the war is not of Canada's creation, not of Britain's creation, but was conceived and plotted in the chancelleries of Germany and Italy, with the dominating object of crushing all nations that would not bow the knee to the dictators' views of civilization. This is the challenge which Britain and her Dominions (with their own absolute power of self-government) accepted. This is the war which, with Canada's help in manpower, supplies and undaunted courage, must be won, and will be won if all that is worth living for is not to vanish from the land which we cheerfully accepted as our home.

As a newspaper now serving its nationality throughout the Dominion over half a century, we feel that there should be no misunderstanding among our people. If there are any newspapers printed in the German language in Canada that are not dealing with the drastic realities of the war and that unequivocally, they are rendering a disservice not only to the country, but to the vast majority of the German people whose loyalty to Canadian institutions is not now, and never was, in question.

Sayings of the Week . . .

"Whoever is fighting for liberty is defending America."—*William Allen White.*

* * *

"The United States is in as great peril today as was France a year ago."—*William C. Bullitt.*

* * *

"For us the real war will begin when we take the offensive and strike home at the enemy."—*War Secretary Anthony Eden.*

* * *

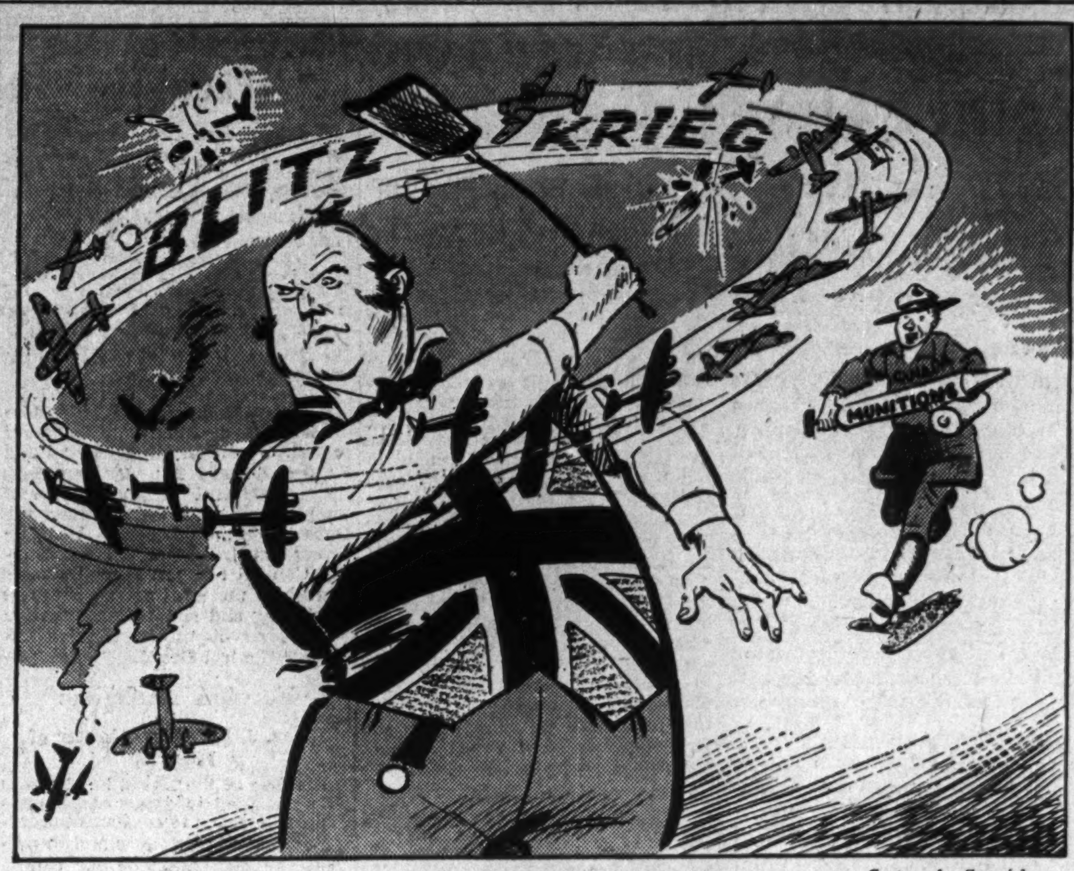
"In defense of America and of our liberties I should not hesitate to stand for war."—*Wendell Willkie.*

* * *

"We may have to turn out every available man to save our skins."—*Major General W. A. Griesbach.*

* * *

"The most advanced international political gesture in the history of the North American continent." — *Premier Mitchell Hepburn commenting on the Canada-U.S. defense proposals.*



—*Cartoon by Grassick.*

QUICK, CANADA, THE FLIT!

Post-Scripts . . . . .

Number One Busyman

Canada's Number One Busyman this week is most certainly Judge T. C. Davis—the man directly responsible for eight million Canadians having to fill out our national registration forms.

T. C. DAVIS

Fortunately, Mr. Davis is a practical man as well as being a good politician and something of a western whirlwind. He saw at once the value of business co-operation in a task such as this. So he made arrangements for most business firms to appoint their own deputy registrars and to get their work done ahead of this week's big push.

As soon as Minister of National War Services, Hon. James A. Gardiner, appointed his old running mate, Tom Davis, to be joint deputy, things began to hum around this new cabinet office. For instance, when Mr. Davis drew up his requirements for national registration forms and presented them to the government printing office, the officials in charge told him it would take six weeks to get the job done. Mr. Davis hardly bothered to answer. He wanted the job cleaned up in a week at the latest. The printing officials said it would take twice that long to get the paper. Said the new deputy: "Where do you get your paper?"

He got the company on the phone. The paper was rolling into Ottawa in four days. In another few days the printed forms were rolling out to various parts of the country—first to the Pacific Coast and then to less distant points which required not so much mailing time.

* * *

Mr. Davis, as we reported in this column a year ago, was conceded to be a "human dynamo" when he whirled about Regina's Legislative buildings a few years back. He was born in Prince Albert 51 years ago and after a successful fling at local politics teamed up with "Jimmy" Gardiner at Regina. He rose to be Minister of Education, then Attorney-General. A year ago he was elevated to the bench.

Since arriving at Ottawa he has done everything but sit at his desk and press buttons. If he wants to get things done he puts on his hat and coat and goes over to see the matter through himself. This may or may not be the most energy-saving way of doing things but judged by results to date Mr. Davis seems to know how to get things done even though he is a comparative newcomer to official Ottawa.

Every Canadian will wish him equal success when he comes to putting into use the mountain of information he has collected from the nation's citizens this week.

* * *

Rieber Ousted

Two years ago this column made reference to Torkhild Rieber, the dynamic Norwegian who ran away to sea at 14 years of age on a windjammer, and who gradually pulled his way rung by rung up the ladder of big, sprawling Texas Corporation.

Mr. Rieber first got into the Canadian investment limelight in midsummer, 1938, because of the stock control squabble between Texaco and McColl-Frontenac. Texaco, it will be remembered, won the battle for control of the Canadian company.

Now Rieber has had to quit his $100,000 a year job as chairman of the company's board of directors because of his friendship for and association with Dr. Gerhard Alois Westrick, Hitler's special emissary to American industry who was exposed in an article by a staff writer some months ago in The Financial Post.

The Texaco board argued for seven hours before finally accepting Captain Rieber's resignation "because of certain publicity detrimental to the Texas Co." Captain Rieber admitted that it was through his influence that Texas funds were used to buy a $1,570 car for Westrick to use while travelling about America on Hitler's business.

Captain Rieber insists that his company has not sold oil to Germany "since before the start of the present war." He also claims he has not seen Westrick for two months.

The Captain visited Germany in 1938 and according to New York's "P.M." was reported to have been closeted for two hours with Grand Marshal Goering.

* * *

Soap and C.N.E.

Away back in the "good old days" one of the most insistent, effective advertising slogans was the old couplet:

"A song we sing, a song of hope,
The world is using Comfort Soap."

In those days, "Comfort" was a big and profitable name in the Canadian soap trade. It was made and sold by Pugsley Dingman & Co. The small, new-fangled yellow bars had replaced the big family bars of an earlier generation. Soap companies were already inveterate advertisers and in their way were as progressive and daring as are the producers of today's much-maligned "soap operas" of broadcasting fame.

Just 40 years ago this summer, John Pugsley (the "Comfort" King) was looking about for a likely young chap to assume responsibility in his business. He asked John Millar, newly-married accountant, if he would like to earn a few extra dollars by doing special work at nights. John Millar said: "Yes."

JOHN MILLAR

When the job was completed, John Pugsley took Millar to lunch and told him the real purpose he had in mind. He told him if he would come and learn the soap business, he would be paid for two years whatever wage he was then getting as an accountant. After that, if he made good, he would be general manager of the company. They would then "talk salary."

Next day, John Millar invited his future employer to lunch. He accepted the proposition and started to work.

Not long afterwards, Mr. Pugsley sold the company to the big British house, Lever Brothers. That was in 1906. Mr. Millar stayed with the business. For many years now he has been vice-president and director of the Lever enterprise in Canada.

* * *

This week, John Millar, in his official capacity as president of the Canadian National Exhibition, will greet Lord Athlone, Canada's new Governor-General who is to officially open the Fair. Mr. Millar has been a C.N.E. director for many years and has gradually won well-merited promotion to the highest executive office.

He has strong convictions, too, about carrying on the fair in wartime. Not only will it give the city nearly a quarter million dollars return on a $23 millions investment, but as well he feels it will do much to bring inspiration and leadership to Canada's war effort, quite apart from maintaining important trade channels and connections for Canada and the Empire.

* * *

John Millar was born in London, Ontario. He came to Toronto 54 years ago. In 1889 he joined the accounting firm of Jenkins & Hardy in Toronto. Eleven years later he went into the soap business.

He has always made his headquarters at Toronto. In fact the magnificent and modernistic "Lever House" which his company built as a new Canadian head office last year, is not far from the site of the old original Pugsley, Dingman headquarters.

Mr. Millar plays golf, is a past president of Toronto's Rotary Club and a Past Master of two Masonic lodges.

Star Salesman

Jim Crossland is a diligent and intensely hard-working life insurance salesman who gets results by having a well-directed plan of action and sticking to that plan through hell and highwater.

He has only been in the insurance business for eight years, yet in that time he has twice earned the presidency of the Quarter Million Club of the Mutual Life of Canada. On six occasions he has been vice-president. That is a record which few life insurance men can equal. It is a direct result of the persistent carrying into effect of well-laid plans.

* * *

Mr. Crossland was in the seed business prior to 1932. After finishing his education at Ridley College he started in business with his father, Ernest Crossland, president of Steele Briggs, Ltd. Eight years ago he joined the Mutual Life organization at Toronto under the direction of J. M. Heale.

He is still in the same office, still standing at or near the very top of the production line of one of Canada's leading insurance institutions.

His presidency of the company's Quarter Million Club for 1940-41, means, of course, that he leads all the company's sales representatives in the amount of business placed in the past year.

For a hobby, Mr. Crossland has a farm near Markham, Ont., in which he takes much pride and pleasure. He is a member of the National Club, but contrary to what most people might expect, is by no means a "mixer."

He has three sons, Ernest, Waldie and Jim.

Two of them attend Ridley College as their dad did before them. How many of them will turn up in the life insurance business and capture production records like their dad remains to be seen.

Other People's Views . . . . :

Inspiration to Mankind

New York Times

The British . . . have one priceless asset worth more than all their defenses: the calm, steady, disciplined morale of a free people. In the face of terrors which are all the worse for having been foreseen, the common people of Great Britain are giving an inspiration to mankind.

The Press of Canada

Editor and Publisher, New York

The press of Canada is as patriotic as any soldier or government leader, and its news judgment can generally be trusted.

The press performs a genuine service when it brings into the open subversive statements like that of Montreal's mayor.

Results Are What Count

Windsor Star

Conversations are not enough. Results are what count. Such naval and air bases as may be required for the common defense of this continent must be established as soon as possible.

It is vital to Canada and to the United States. It is also essential to Britain. This is proved by her participation in the discussions.

Let's Send Them Back

Ottawa Citizen

In the British search for scrap metal, many parks and public places have been happily cleared of German gun trophies of the last war. They are being melted down into steel for British bombs.

Canada could similarly well take the same method to return captured guns to Germany. They have never been an adornment, but an ugly reminder of an ugly customer. Canadian parks would look better without them. They belong to the scrap yards.

Limit on Guarantee

Vulcan (Alta.) Advocate

Quite a number of westerners will see reason in the opinion of W. F. Rickart, M.P. for Durham, Ontario, when he said recently in the House that the producer should not demand guaranteed price on more than 5,000 bushels of wheat in any one crop year.

Mr. Rickart said: "The Ontario farmers are willing to help needy western farmers, but huge mechanized farms can deliver up to 60,000 bushels a year and I do not believe they are entitled to the full protection of guaranteed price."

Local farmers have from time to time expressed something the same thought.

In the Mail . . .

Italians in Canada

Editor, The Financial Post:

I notice in the last issue of The Post your editorial on New Canadians and the War Effort.

This matter of our new Canadians has been in my mind prominently as I have had to contact some of our people who are of Italian origin.

After the loss of their own language paper these people are really at a loss as to newspapers and what are to us the "regular" channel for receiving and digesting the items of news and information requisite to intelligent and loyal citizenship.

I believe some special drive should be made to help these people become the Canadian citizens they have started out to be. If you will look back at your files of 1939, you will find that one of your editors made some very pertinent comments about these new Canadians when he was covering the Royal Tour on the prairies for your paper.

Perhaps one of your publications might undertake to sponsor this worth-while task with a view to strengthening Canadian citizenship.

BRITISH COLUMBIAN.
Vancouver, B.C.

"Inane and Petty"

Editor, The Financial Post:

I have been a subscriber to your paper for several years and it has several features that I like, and sometimes 'The Nation's Business' is one of them.

But when inane and petty articles such as the one on the Montreal Terminal is offered to one to read it is insulting.

Anyone knows that when a "bottleneck" is referred to in the sense used it does not mean a glass one, and if one person refers to a "bottleneck" meaning a stricture, and another refers to the same stricture as a "so-called bottleneck" he is not denying the stricture.

The article referred to is not up to the standard that a reader of any intelligence is entitled to expect from your paper.

B. I. ENGLAND.
Kingston, Ont.

War Publicity and Tourists

Editor, The Financial Post:

Your roster of publicity men in the pay of the Dominion Government, as published in your front page article of August 10, makes no mention of the tourist industry nor is such included in a very lengthy summary of government war effort ministries and agencies published by another financial paper.

No doubt some government agency is doing something to counteract the misinformation about entry to and travel in Canada which has been sedulously spread in the United States by unfriendly elements, but the absence of special mention of this activity in summaries of national effort and particularly publicity, and diminished tourist traffic, suggest that this subject may not have received the attention which one would expect to be given to what has been called our most important "invisible export" and source of sorely needed foreign exchange.

I was in the U.S. the week after the present war began, and had quite an argument with a ticket agent before he would sell me a ticket to return to Canada. According to reports, this sort of thing is still going on.

My firm is sending a letter to large offices in the principal centres and to individuals in the various states, enclosing with this some printed material we have obtained from private agencies. We know of others who are doing the same thing, and if it is generally taken up, much good should result.

If the existence and facilities of the Canadian Travel Bureau, for example, could be made better known to Canadians (apart from hotels, etc., directly interested in tourist trade) the movement might receive more assistance from Canadians generally.

INSURANCE MANAGER.
Montreal.

As Others See Us . . . .

Short Wave Needed

St. Catharines Standard

The Financial Post submits that if Canada had a short wave station the broadcast by General Pershing would have been picked up and relayed across the world.

No more powerful propaganda could have been secured, the kind which would depress enemy morale which constantly requires the proverbial "shot in the arm."

Profits and Prices

Chesley Enterprise

Standardization has made it possible for prices to be greatly reduced. The Financial Post tells us that during the last war Canadian factories were given orders for certain shells at $5.80. As orders were increased, they were able to make these shells at $3.80.

Then manufacturers told the government that if they were given large enough orders to warrant new plant installations, they could produce the shells for $1.25. Told to go ahead, they did so, and their profit was just as great in making shells at $1.25 as they had been in making small quantities at $5.80, even though wages once went as high as $24 a day and materials increased greatly in cost.

It is the knowledge of such facts which requires that businessmen should be at the head of such departments.

Far Too Lenient

Trail Times

The Financial Post has compiled a partial list of penalties meted out to those who have been found guilty of subversive actions, and the conclusion is that in the past too great magisterial leniency has been shown.

It can be readily seen from this list that the manner of handling traitors in Canada is altogether too lax. The Defense of the Realm Act or whatever legislation the Government has authority to enforce, should operate in its entirety.

Stop Me If . . . .

The judge was reproving a negro for deserting his wife.

"Wife desertion is something I must deal with severely," he said "I feel very strongly on this subject."

"But Judge," expostulated the offender. "You don't know that woman. I ain't no deserter—I'se a refugee."

Week in Business

Wholesale and Retail Maintains Volume

Incoming Orders Indicate That Gains to Date Will Continue — Western Harvest Aids Volume But Hold-up in Wheat Sales May Limit Later Gains in Spite of Good Crops

Reports of general business activity for the week ended August 17 from across Canada bring almost universal stories of continuing gains over 1939 levels. Retail and wholesale trade appears to be making a particularly good showing. From the Maritimes comes the story that wholesale trade continues satisfactory with increases to date over last year. Builders are active with corresponding demand for supplies.

In the Montreal area, volume of sales in the building trades continues to be good with residential construction particularly active. Quebec province indicates only fair volume of orders in many wholesale and retail lines, but employment is gaining and trade generally active with collections just fair. Ontario centres are generally well satisfied with conditions. Wholesale grocers, meat packers, drugs and accessories are all ahead of last year with good volume of incoming orders. Hardware volume is ahead of last year to date with a good volume of orders coming along. Gasoline, oils and greases are in strong demand with volume this year ahead of last.

Almost without exception, reporting centres in the Prairie Provinces show wholesale and retail trade ahead of 1939 volume with encouraging prospects. With the harvest getting under way, it can be expected that business in most retail lines will be good.

Chief cloud in the sky is the problem of what will happen to the generally excellent wheat crop. Actual purchasing power in the prairies may disappoint this fall because of the five-bushels per acre limitation on grain deliveries by farmers. This leaves a threat to collections as well as sales volume once the necessities of the harvest period are covered.

• • • • •

Carloadings for the week ended August 10, after adjustment for seasonal decline, raised the index from 90.4 for the previous week to 92.4. Compared with a year ago there is an increase of 19%. Only grain loadings continued to decline, all other groups showing increases over last year's loadings.

The season of the year is approaching when loadings of grain in western Canada is always counted on to give freight revenues a heavy boost. Last year the two Canadian railroads gained substantially from loadings of Canada's bumper crop, although even then hampered as the harvest went on by congestion at terminal elevators.

This year it is going to be a different story. With storage space practically non-existent at larger terminal elevators, there is no place for the wheat to move. Thus it would be surprising indeed if this usually reliable seasonal factor in western carloadings gave the usual impetus this year. On the other hand, loss or deferment of business in western Canada should be offset by heavier demand from industry generally.

• • • • •

Department store sales are a bright spot in the Canadian business picture. Preliminary figures for July show a gain of 17% in sales volume over July, 1939. For the first seven months of 1940, sales of department stores have been 13% greater than in the corresponding period of 1939.

Mail order business seems to be holding up its end. Robert Simpson Co. has just issued its fall and winter catalogue which, the company states, is the "largest and most attractive in Simpson history," containing 88 additional pages. New lines have been added and existing lines extended. There have been some price increases but it is claimed that "these are few in number and small in extent" and "in some cases there are actually reductions."

• • • • •

That Canada's level of business activity has been able to climb to new peaks with a large degree of regularity during past weeks of concentration on building up the industrial plant required to produce war materials in accelerated volume, should be a forecast of what can happen when these new plants get into actual production.

Some observers have characterized the performance of recent weeks as a lull, to be followed by the real boom when these new plants start producing at an annual rate of probably $500 millions. Estimates of the capital investment required to get them ready is said to be $120 millions, a large figure in itself but dwarfed by the potential output.

Business Indicators

Current business gained in the week ended Aug. 10, as judged by the D. B. S. weekly business index. This indicator is approaching closer to the level of a year ago.

Department store sales index for July gained over five points to 87.2. Compared with the same month of 1939, the rise is about 19%.

Carloadings for the week ended Aug. 10 show gains of 17%. This is reflected in the much better interim earnings of the two Canadian railroads.

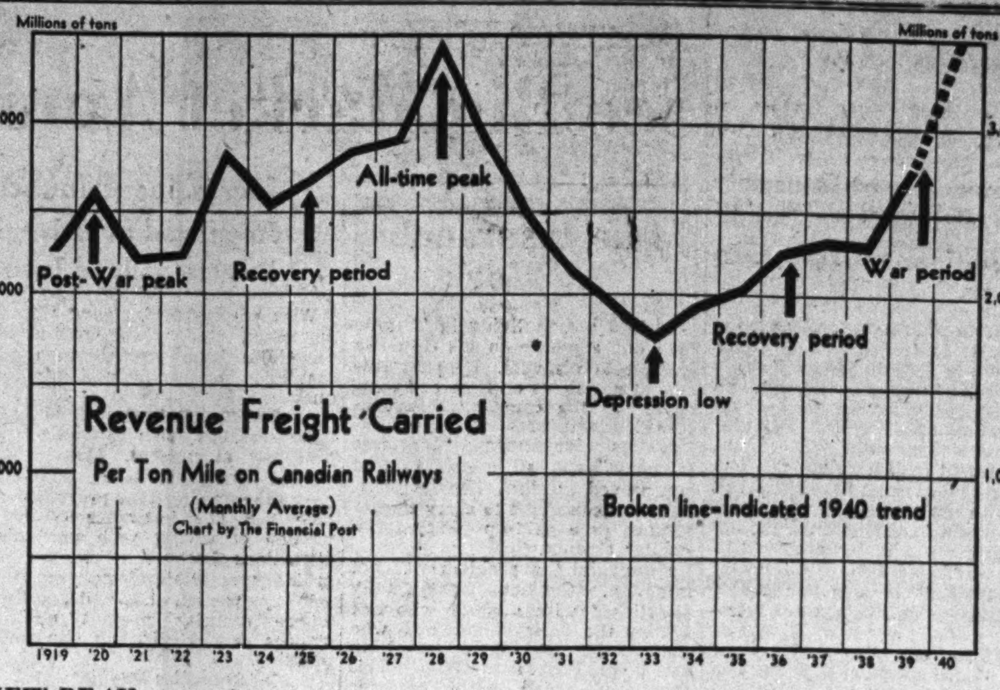
Newsprint production for July amounted to 332,689 tons, bringing the cumulative gain for the year to 25.8%.

Cigarette consumption for July is down slightly from the corresponding month a year ago but the cumulative total for this year to date is up 9.4%.

Trend of business shown by The Financial Post Business Index and following key factors, new items for the week being marked thus •.

TREND OF BUSINESS—	Aug. 10	Aug. 3	July 27	July 20	Aug. 12/39
Weekly index of business D.B.S.	103.1	102.6	102.2	102.7	103.5
Commodity prices index no.	82.2	82.1	82.0	82.0	72.1
	July	June	May	Apr.	Year Ago
The Financial Post business index	....	*141.7	136.2	133.5	118.8
Retail sales index no.	....	93.8	89.0	86.9	80.9
•Dept. store sales index no.	87.2	81.0	82.8	84.7	77.3
Wholesale sales index no.	....	117.6	127.0	107.5	106.1
Country store (% change pr. yr.)	....	+8.3	+8.5	+6.8	—7.7
EMPLOYMENT Index Nos., D.B.S.	July 1	June 1	May 1	Apr. 1	Year Ago
All industries	124.7	120.9	114.3	111.9	115.8
Manufacturing	130.3	129.2	125.7	123.4	111.3
Wage earners, no. 000s	....	....	2,489	2,353	2,329
Living costs weekly budget	....	$17.72	$17.85	$17.76	$16.92
			Jan. 1 to date		%
RAILWAYS—	1940	1939	1940	1939	Change
•Carloadings (week Aug. 10)	52,317	44,054	1,626,436	1,389,165	+17.0
•C.N.R. gross (week Aug. 14) $	4,656,772	3,496,774	145,197,736	110,147,523	+31.8
•C.P.R. gross (week Aug. 14) $	3,426,000	2,624,000	97,544,000	78,703,000	+23.9
•C.N.R. net revenue (July) $	4,172,586	214,927	20,372,668	•290,490	.....
C.P.R. net revenue (June) $	2,923,054	1,063,318	12,636,006	5,351,343	+136.1
IRON AND STEEL—June—					
Pig iron production (tons)	88,656	52,805	549,627	296,521	+85.5
Steel ingots and castings prod. .... (tons)	166,213	107,902	958,246	580,141	+65.1
AUTOMOBILES—(Number)—					
Passenger Cars:					
Domestic sales* . (June)	12,618	8,620	69,622	54,509	+27.7
Factory output .. (June)	8,739	10,585	72,286	69,968	+3.3
Trucks and Buses:					
Domestic sales* . (June)	3,112	2,338	17,178	13,474	+27.5
Factory output .. (June)	9,191	3,930	38,626	23,787	+62.6
Exports .... *(May)	4,276	5,496	19,594	28,717	—31.8
Financing:					
Used .... (June) $	4,859,310	4,259,442	21,453,373	18,230,228	+17.7
New .... (June) $	4,018,905	3,246,659	19,807,227	15,617,916	+26.8
CONSTRUCTION—					
Contracts awarded . (July) $	29,305,600	22,129,700	154,741,100	105,575,600	+46.6
Cement prod., bbls. (May)	731,947	550,890	1,799,168	1,267,776	+41.9
AGRICULTURE—					
Flour prod., bbls. .. (June)	1,170,238	1,187,875	7,567,572	6,822,351	+10.9
Flour exp., bbls. ... (June)	509,308	401,189	3,752,006	2,223,298	+68.7
Wheat exp., bush... (June)	13,570,107	14,637,016	67,702,282	51,313,467	+31.9
Cattle sales▴ ...... (July)	106,634	82,777	556,194	537,938	+3.4
Hog sales▴ .... (July)	372,204	207,544	2,695,636	1,791,360	+50.4
SEA FISHERIES—‡					
Catch cwts. .... (June)	805,000	975,800	4,740,650	3,873,750	+22.3
Landed value ...... (June) $	1,744,400	2,240,000	6,290,600	6,053,850	+3.9
NEWSPRINT—					
•Production, tons ... (July)	332,689	227,630	1,974,676	1,568,694	+25.8
Exports, tons ...... (June)	320,654	244,655	1,505,142	1,215,117	+23.8
MINING AND OILS—					
Coal prod., tons ... (June)	1,128,195	1,090,726	8,175,492	6,816,291	+19.9
Coal imports, tons.. (May)	2,372,411	793,212	4,313,023	2,494,295	+72.9
Gold prod., fine oz. (May)	442,521	432,359	2,120,765	2,055,662	+3.2
Crude oil prod., bbl. (May)	676,486	713,947	3,025,931	2,549,930	+18.6
Crude oil imp., bbl. (May)	4,864,437	3,643,726	11,238,400	9,753,800	+15.2
ELECTRIC POWER OUTPUT—June—					
Total monthly, 1,000 kw.h.'s	2,578,883	2,245,537	14,968,503	13,744,252	+8.8
FOREIGN TRADE—♦					
Imports .... (June)	90,704,835	63,709,402	496,100,785	321,079,319	+54.5
Exports .... (June)	111,621,656	77,369,799	553,711,029	408,466,341	+35.8
OTHER INDUSTRIAL FACTORS—					
Dressed lumber exp.: †000 bd. ft. ...... (June)	246,477	205,851	986,305	929,854	+6.0
Shoes, prod., pr. .. (June)	1,750,984	1,850,673	12,725,941	11,249,771	+13.1
Cotton imports, lb. .. (Apr.)	18,300,000	4,467,000	80,174,000	25,142,000	+219.2
Raw rubber imp., lb. (June)	2,322,194	5,427,972	40,634,419	30,627,709	+32.6
•Cigarette cons. No.† (July)	648,304	677,112	4,244,892	3,970,324	+9.4
Sugar manufactured .. lb.§	99,553,443	85,837,830	483,403,070	387,788,743	+24.7
FINANCE—					
Bank debits† ...... (June) $	2,681,585	2,831,082	17,001,690	15,133,304	+12.3
•Bond sales† ...... (July) $	118,842	72,867	1,258,060	872,437	+44.2
Life insurance sales (June) $	28,530,000	32,226,000	18,368,000	178,385,000	+5.5

*D.B.S. All Canada figure covering over 90% of the Canadian total.
†000's omitted. §For four weeks to July 13, 1940. ♦Gold excluded.
‡Unrevised figures covering N.S., P.E.I., N.B., Que., B.C. *Final.
▴Total at yards and plants. •Deficit.
New items for week marked •



NEW PEAK

The long-term uptrend in railway freight carried by Canadian railroads, started in 1933, promises to carry the figures to new record peaks before the end of 1940. The former peak was established in 1928 and no year previous to 1940 ever exceeded this level. The chart above illustrates amount of railway freight carried in Canada for each of the years since 1919.

Ontario Hydro Load up 14.7%

Proportion of Primary Power Used Gains Over a Year Ago

Peak demand on the power supply of the Hydro-Electric Power Commission of Ontario in July continued to gain over the corresponding months last year.

The Niagara system, which uses over two thirds of all the power distributed by Ontario Hydro, gained 15.9% in primary power peak load last month. Next was the Northern Ontario Properties with a gain of 15.5%.

Combined primary and secondary power peak demand gained 6.3% for the whole province.

At the peak load period last month there was still 261,000 h.p. being used as secondary power in the Niagara System. In July of last year this same section used 295,000 secondary horsepower at its monthly peak. The combined primary and secondary power peak in July, 1939, was 1.8 million horsepower, which was 411,000 horsepower above the primary peak load. In July, 1940, when the combined primary and secondary peak load was 1.9 million horsepower, 322,000 horsepower of secondary power was included. This indicates that primary power is making up a considerably larger proportion of the total now than it did a year ago.

Following shows detail of deliveries.

Ontario Hydro Power Load
Maximum 20-Minute Peak H.P.

	July 1940	July 1939	Incr. %
Primary Loads			
Niagara	1,107,105	955,094	+15.9
Eastern Ont. .	136,973	123,992	+10.5
Georgian Bay..	40,168	40,188	.....
Thunder Bay ..	96,247	85,255	+12.9
Northern Ont. .	186,401	161,349	+15.5
Total	1,566,894	1,365,878	+14.7
Primary & Secondary Loads:			
Niagara	1,368,901	1,250,402	+9.5
Eastern Ont. ..	163,099	154,984	+5.2
Georgian Bay..	40,235	40,188	+0.1
Thunder Bay .	100,389	128,365	—21.8
Northern Ont. .	215,892	202,234	+6.8
Total	1,888,516	1,776,173	+6.3

Commodities

There were few changes of importance in commodity prices last week. This applies both to individual items important to Canada and to Canadian indices. One of the strongest points was hog prices, which rose to $9.40 per cwt. from $8.75 the previous week and compares with $8.50 a year ago.

Weekly price indices published in the United States, however, continued their listless sagging. The Dow-Jones index of commodity futures was particularly weak and is now back close to the levels of a year ago. This particular index indicates the willingness of businessmen to make commitments for future delivery of raw commodities

COMMODITY PRICES

	Latest week	Previous week	Same week last yr.
Cattle	$8.75	$8.75	$7.00
Hogs	9.40	8.75	8.50
Copper, lb.	.11	.11	.10½
Cotton, lb.	.0971	.0987	.0922
Rubber, lb.	.1962	.1957	.1675
Sugar, raw, lb. ..	.0262	.0265	.0283
Silk, lb.	2.53	2.53	2.67
Wheat Man. (bu.)	.72¼	.72	.53¼
Coffee, lb.	.05⅛	.05⅛	.05⅛
Hides	.10	.10	.11
Weekly Indices			
Canada (D.B.S.) ...	82.2	82.1	72.1
Do., Wood, Gundy	64.0	63.6	53.7
U. S. Labor	76.6	77.0	75.1
Dow Jones (future)	48.85	50.49	47.06
Fishers'	81.1	81.0	77.8
Monthly Indices			
Canada (D.B.S.):			
Retail (June)	86.0	86.0	82.9
W'sale (June) ...	81.6	82.1	73.3
U. S. (May)	78.4	78.6	76.2
Gt. Brit. (Mar.)	129.4	128.5	96.6

Note: The base of indices is that 1926 equals 100. The British index is Board of Trade converted to 1930 base.

Base of price quotations is as follows: Cattle — Steers, good, over 1,050 lb., top price, Toronto. Copper-electrolytic, New York. Silk—Crack db., 13-15 New York. Sugar — 96 degrees centrifugal c/f New York. Wheat—No. 1 Man. North., Ft. W.-Pt. A. basis. Hides — No. 1 packer light.

Keeping Posted . .

By J. C. KIRKWOOD

Retail stores' customers have, in the mass, common behaviorism. Here, for example, are behaviorisms, ranked in 1-2-3 order, as ascertained from a survey made on the reactions of 500 customers of a certain store, in relation to this question: What factors would influence you to return to this store to make further purchases in the future? The answer to this question is given in this table:

	Factors in today's sales ranked	Factors which influence the customer to return
Approach	1	6
Amount of wares shown	6	4
Information about wares ..	5	2
Closing of sale .	2	3
Attitude of sales person	4	1
Politeness	3	5
Appearance, personnel	7	7

This "finding" is taken from a fine article in the August issue of Stylewear whose title is, "Should We Train to Sell—or Help Customers to Buy?"

So it is your behaviorism as a customer that is under much observation in efficient and successful retail stores. It may surprise you to learn that your main reason for returning to a particular store to make further purchases is your appreciation of the attitude toward you of the person who serves you, and that the No. 1 factor having customer perception and appreciation is the "approach" of the sales person: His or her way of meeting and greeting you.

* * *

"Forgotten Men"

The efficiency of Britain's airmen when they attack enemy planes—bombers and fighters—is a consequence of most careful training. Some of this preparatory training is given at our Canadian bombing and gunnery schools—at the school at Trenton, for example. Most of the men in training at Trenton will become instructors at other schools to be established.

The importance of these schools, says Canadian Aviation for August, will outrank in some respects even the pilot training establishments, because if their work is not efficient, much of the pilot training will have been in vain.

Dazzled by the pilots' glamour the man on the street seldom realizes the paramount importance of the "forgotten men" of this war—the gunners and observers. Yet without a well-trained and efficient observer responsible for navigation, or without a skilled gunner, responsible for protection, any military mission is doomed.

In the same way that pilots are given considerable training on the ground before they take to the air future bomb-aimers and gunners are given practical experience with ingenious devices calculated to reproduce actual combat conditions within the four walls of a small room.

Readers of The Post who want to know a good deal about the schooling of bombers and gunners should get the August issue of Canadian Aviation.

* * *

Electrical Advances

Last year the Ontario Hydro Travel Coach covered nearly 4,000 miles through rural Ontario, and upwards of 84,000 persons saw the latest electrical appliances demonstrated from this Hydro "travelling school." A result was that sales of appliances by retailers in the regions traversed soared. The coach was manned by a staff of experienced demonstrators. This year a larger programme of the same general description is planned, with the object of making the lives of both urban and rural folk simpler, more convenient and less expensive.

"We try to educate homemakers to the advantages and benefits derived from living electrically," said Miss Ruth Crawford, director of the educational travelling forums. "We show how to plan well-balanced meals; and how to save time, money and effort through the greater use of electrical appliances."

* * *

New Power Plant

Almost every day we hear that industry in Canada is at new peaks of production. This means more steam is being produced than ever before. Many a factory has had to increase its steam-producing plant, hence the article in the July issue of Modern Power and Engineering about the new high-efficiency steam generating set installed by Dominion Woollens and Worsteds, Hespeler, Ont. It is essential reading for all manufacturers who face the necessity of increasing steam production. Installed were a steam generating set; ash conveyor, piping and general construction; a coal conveyor; pumps and turbines for pumps; feed-water heater, feed-water regulator, controls and panel board; coal scale; forced-draft fan; and insulation.

Salmon Sales To U.K. Hold

B. C. Processors Get Lower Price But Good Volume of Sales

From Our Own Correspondent

VANCOUVER. — Salmon packers, far from being eliminated from this season's buying by the United Kingdom trade, are finding a responsive market overseas and deliveries have already been made in fair volume.

Officials of B. C. Packers, Ltd., report that current prices on sockeye sold in the British market this year are about $1.25 less per case than last season, but the industry is cheerfully accepting this decline, recognizing that B. C. prices are still much higher than those charged by competing Japanese and American packers. It is determined to hold the all-important British market if at all possible despite the disruptions of war.

In his annual report to shareholders of B. C. Packers, H. R. MacMillan, president, stated significantly: "Many of the most important persons in the United Kingdom salmon trade have for some time pointed out that British Columbia's position in the market was endangered by maintaining prices so far above the level established by the most important world producers."

Aware that the Empire market represents about 80% of all export business, the B. C. salmon packing industry is prepared to go to considerable lengths to hold it. Importance of the British market has been made all the greater by the collapse of the French, Italian and Belgian markets and the restriction of sales to Australia and New Zealand as a result of exchange and tariff difficulties.

No Long-term Contracts

British buyers are not making any long-term commitments, but they are placing orders in the normal way, and this fact has had a reassuring effect on the whole industry. The situation has also tended to confirm the attitude of the packers in opposition to Government control and subsidy, which was suggested by fishermen's spokesmen during the recent session of the legislature. The packers feel satisfied that they can run their business with profit and to the advantage of the country if left to their own resources, and that regimentation which would naturally follow federal handouts and guaranteed prices would result only in crippling the industry for years.

BUY WAR SAVINGS CERTIFICATES EVERY MONTH

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Canada's prime investment, combining safety of principal, good income return and marketability. Offerings and bids submitted on all Dominion of Canada issues.

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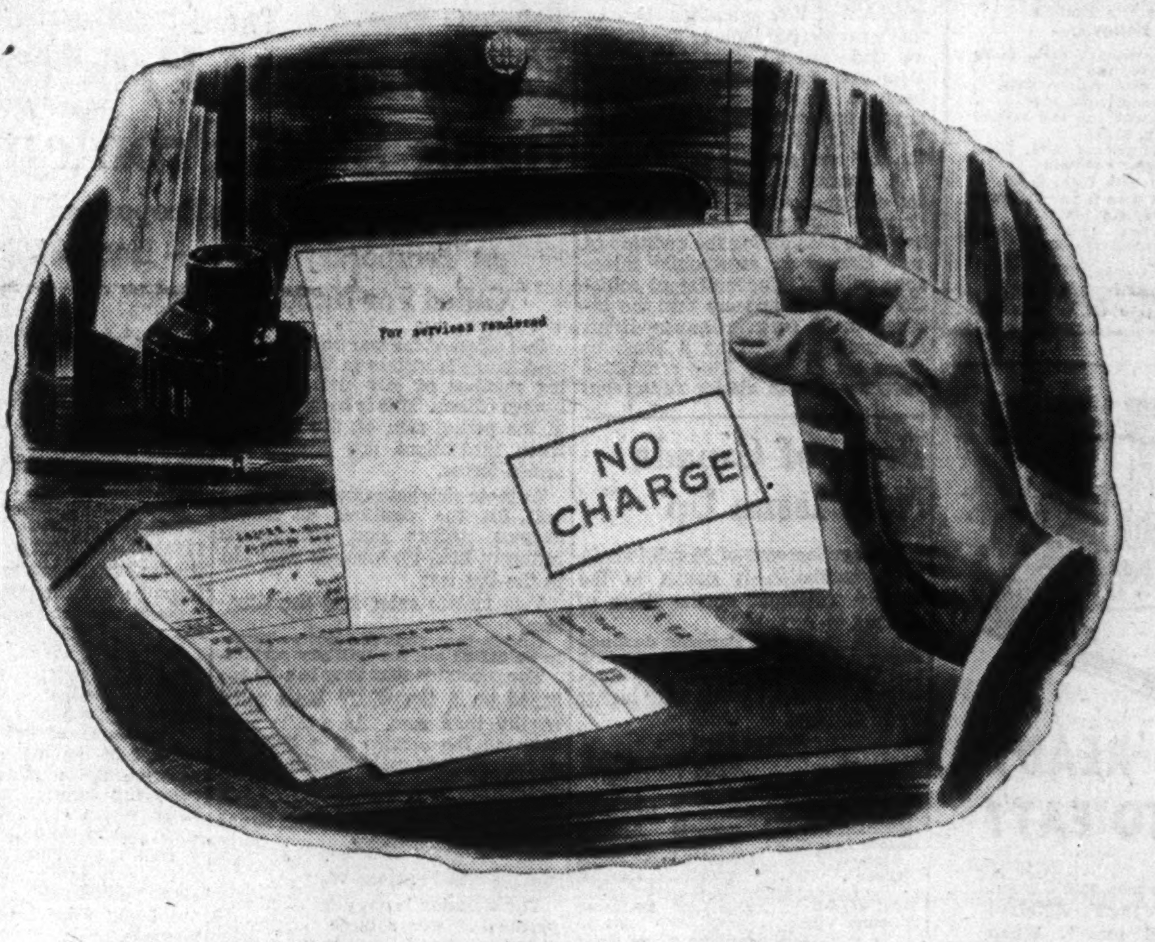
McCallum-Hill Building . . . . Regina, Sask.
411 Avenue Building . . . . . Saskatoon, Sask.



Something you don't have to pay for

YOUR LIFE INSURANCE POLICY is a contract between the Company and you. The Company wishes not only to fulfill the terms of that contract, but to perform every reasonable service that may increase your policy's value to you and your family.

As evidence of this, you will find a "Notice to Policyholder" printed plainly on the back of most Metropolitan policies. If you will read this notice, you will find that it is not necessary to employ any person to collect the insurance payable under your Metropolitan policy, to obtain any information about your policy, or to secure any of the benefits which that policy provides. The Company wishes to pay every proper claim without delay.

All that is necessary is to get in touch with your Metropolitan Agent, or with the Manager of your District Office. If this is not convenient, write directly to the Canadian Head Office in Ottawa.

Whenever you have a question about your policy, it is advisable to consult your Metropolitan Agent first. It is his responsibility to help you solve your insurance problems, and to serve you efficiently, sympathetically, and intelligently . . . and *without additional charge* of any kind.

Following are a few of the many instances in which your Agent's help is available for the asking.

Settlement of Death Claims or other Benefits.

Except for notary fees, there is no need for a beneficiary to pay a fee for preparation of claim papers or the papers necessary for other benefits. Your Metropolitan Agent will give you any assistance that may be necessary in preparing and filing such papers, and will help to arrange for prompt payment of the claim.

Analyzing or checking your insurance program.

Your Metropolitan Agent will co-operate with you in seeing that your insurance fulfills the purpose for which you bought it. If there have been any changes in your economic status, or in your family obligations, your Agent will help you work out a plan to make your insurance program cover them.

Explaining Retroactive Benefits on Liberalized Policies

Metropolitan, in common with other companies, has made liberalizing improvements through the years, particularly in Industrial policies. Each improvement has been of advantage to the policyholder. Wherever possible, these additional benefits have been made retroactive, so that if you own an old policy, you may be entitled to certain benefits which this old policy does not contain in writing.

If you have an old policy on which you no longer pay premiums, you may wonder if it has any value. Such old policies often do have value. And, through voluntary action by the Company, many Weekly Premium policies have become eligible for cash surrender value if premiums on them were paid for at least three years, even though the policy terms require a longer premium-paying period.

Of course, nothing in this advertisement is intended to suggest that either you or your beneficiaries should refrain from consulting a trusted family adviser, or a competent and reputable lawyer in case you, or your beneficiaries, feel the need of doing so.

One thing more. Even though you may have read your life insurance policy thoroughly, do so again . . . at once. Read it from beginning to end. Be certain that both you and your beneficiaries are familiar with its provisions. If there is anything that you, or they, do not understand, your Company's Agent will be glad to explain—or, if you prefer, communicate with the Canadian Head Office.

This is Number 28 in a series of advertisements designed to give the public a clearer understanding of how a life insurance company operates. Copies of preceding advertisements in this series will be mailed upon request.

Metropolitan Life Insurance Company
(A MUTUAL COMPANY)
NEW YORK
Frederick H. Ecker, CHAIRMAN OF THE BOARD
Leroy A. Lincoln, PRESIDENT
CANADIAN HEAD OFFICE
OTTAWA

EXPANDING... MODERNIZING... YOUR PLANT?

JOHNS-MANVILLE JM PRODUCTS

Speed the Work with JOHNS-MANVILLE Building Materials

✱ J-M BUILT-UP ROOFS ✱ J-M CORRUGATED TRANSITE SIDING
✱ J-M INDUSTRIAL FLOORING ✱ J-M INSULATING BOARD PRODUCTS
✱ J-M ASBESTOS WALLBOARDS ✱ J-M ROCK WOOL INSULATION
AND MANY OTHER ESSENTIAL MATERIALS FOR FACTORY, SHOP, MILL & OFFICE

CANADIAN JOHNS-MANVILLE CO. LIMITED TORONTO 6 ONT

The
WAWANESA
Mutual Insurance Company
Assets Exceed ... $2,600,000.00
Surplus 1,330,363.89
Dominion Govt. Deposit exceeds 1,000,000.00
Wawanesa ranks 1st against all Companies operating in Canada on Net Fire Premiums Written according to Dominion figures for 1939.
Head Office: Wawanesa, Man.
Eastern Office: Toronto, Ont.
Branches at Vancouver, Edmonton, Saskatoon, Winnipeg, Montreal and Moncton.
2,000 Agents Across Canada

FIDELITY
Insurance Company
of Canada
TORONTO

Saint John Calling!
It's the Admiral Beatty—the official AAA hotel. 250 fireproof rooms from $2 single, $3 double. Modern cafeteria. AAA garage.
The ADMIRAL BEATTY
SAINT JOHN, N.B.

EXPERIENCED TRAVELLERS
CARRY
MONEY
SAFELY
Canadian Pacific Express
TRAVELLERS CHEQUES

To The
Travelling Public:
HOTEL LONDON
London, Ontario
Rates for Rooms as Follows:—
Single room without bath, $2.50; running water and toilet.
Single room with shower, $2.75.
Single room with bath, $3.00.
Single room with tub and shower combination, $3.50.
Double room without bath, $4.00; running water and toilet.
Double room with bath, $4.50.
Double room with tub and shower combination, $5.00.
Twin bedrooms with tub and shower combination, $5.50.
Soliciting your appreciated patronage,
H. F. STRUCKETT, Manager

READY
TO EAT?
One reason you'll want to stay at the Lord Nelson is "good food." When you order Steak or Roast Beef on the menu, you are served first quality "red brand" beef—the highest grade obtainable. Fish, oysters and lobsters, in season, are sea-fresh, and your salad lettuce is really crisp.
Reasonably priced table d'hote meals. A la carte service from 6.30 a. m. until 12 midnight.
Single Rooms with bath, $3.00 up
Double Rooms with bath, $5.00 up
The LORD NELSON HOTEL
HALIFAX

Banking Service
1817-1940
BANK of NEW SOUTH WALES
Head Office: Sydney, Australia
General Manager: SIR ALFRED DAVIDSON, K.B.E.
Assets of £130 millions. Over 900 branches in Australia, New Zealand & Pacific Islands.
London Offices at 29 Threadneedle St., E.C.2, and at 47 Berkeley Square, W.1.
Agency arrangements with Banks throughout Canada.

Fire Insurance and Allied Lines
NATIONAL RETAILERS
MUTUAL INSURANCE COMPANY

Fire and Casualty Insurance

Insurance Body Seeks New Legislation

Seeks to Bring Quebec Auto Insurance Provisions in Line With Other Provinces — Other Important Changes Sought

Proposals for new legislation covering automobile insurance are suggested in a report of the standing committee of the Association of Superintendents of Insurance of the provinces.

Two bills, designed to bring Quebec legislation into line with that of the other eight provinces, were introduced at the 1940 Quebec legislative session. Action was suspended pending further consideration by the legislative assembly at its next session.

One of the bills proposes financial responsibility of Quebec motorists in line with legislation existing elsewhere in Canada. The other provides for the exclusion from liability of owners and drivers of motor vehicles from any civil damages for injuries caused to guest passengers. In principle it would be in line with legislation now existing in the rest of the Canadian provinces.

For years insurance superintendents and companies have been trying to secure uniformity in legislation throughout Canada. Because of Quebec's different basic law this has not yet been achieved. If the proposed amendments go through they will mark a milestone in Canadian insurance legislation.

Company Would Be Liable

The report also contains suggestions for amendment to the Automobile Insurance Act of Ontario, making clear the liability of an insurance company in the case of a driver who is charged under the Criminal Code as a result of an accident.

Reckless driving was made a criminal offense in recent years.

The committee finds that, under existing legislation, "it seems . . . companies . . . may in many cases resist direct claims by insured to indemnity on the ground the insured had committed a breach of the Highway Traffic Act or the Criminal Code," that the traditional law that no one can exact indemnity caused by a criminal offense might release an insurance company from responsibility.

"Thomas N. Phelan, K.C., Toronto, in investigating this matter, suggests an amendment to the Insurance Act of 1927 extending scope of that provision to include the Criminal Code and all other Acts of the Dominion Parliament. While it is believed there is little danger of anyone trying to use this clause as an 'out,' it is felt the matter is 'up in the air' and justifies clarification."

A special subcommittee, under the chairmanship of H. D. McNairn, Ontario Insurance Superintendent, has been considering the question of war clauses in automobile insurance policies. Under present collision clauses it appears that the insured could seek indemnity if his car were damaged by a bomb or other act of war. This committee suggests a war clause ruling out liability for such a contingency and offering this protection at additional cost under a supplementary contract.

This additional clause would also be used to cover loss caused by enemy agents, military aircraft or vehicles.

The committee suggests that, "whatever war clause is decided upon it should be uniformly adopted (by the several provinces) and used with respect to other forms of coverage."

Damage from Attempted Theft

The committee of underwriters, the report continues, makes a recommendation for an amendment to legislation covering damage caused by theft. At present auto theft coverage does not include damage caused by attempted theft, breakage of windows, locks, etc. The suggested change would provide coverage for these costs, plus the present coverage of actual theft and damage caused by actual theft.

The committee recommends this change be deferred until the standard owner's form of policy is revised in order to avoid reprinting of policies, but that all insurers be advised of the recommended changes and to adjust theft losses in accordance with such changes.

Present Legislation Sufficient

The Committee of Underwriters, the report adds, has found present legislation is sufficient to require the payment of damages by a company in United States funds in the case of a vehicle insured in Canada but repaired in the United States as a result of an accident there. With exchange differential between the two countries at 11%, the difference to both insured and insurer is material. Where the policy limit is $5,000, however, the insurance company need pay only $5,000 Canadian, not $5,000 American dollars.

When the Committee of Underwriters is reorganized in the fall it is planned to make public terms of non-ownership liability insurance coverage and fire and theft coverages for garages and automobile dealers.

Bank of Canada Note Issue Up

Further increase of $2 millions in note circulation is shown in the weekly statement of the Bank of Canada to Aug. 14.

Bank and other deposits declined slightly as did holdings of sterling and U. S. dollars. Holdings of short term government bonds were higher by $9 millions.

Balance Sheet

Liabilities	Aug. 14 1940 $	Aug. 7 1940 $
Capital paid-up ..	5,000,000	5,000,000
Notes in circ.	299,203,787	297,206,874
Rest fund	2,449,756	2,449,756
Depos.: Dominion .	22,847,244	21,567,881
Bank	205,989,219	208,088,308
Other	6,860,568	9,498,098
Total deposits	235,697,030	239,154,288
All other liabs.	10,616,249	4,887,735
Total liabs.	552,966,823	548,698,653
Assets		
Reserve:		
In sterl. & U. S.	2,659,667	4,152,772
Subsidiary coin ...	274,193	240,992
Advances	1,500,000	1,500,000
Investments:		
Dom. Govt. short	416,740,009	407,562,188
Other Dom. Govt.	124,332,714	124,436,528
Total invest.	541,072,723	531,998,715
Premises	1,724,542	1,723,566
All other assets ...	5,735,698	9,082,608
	552,966,823	548,698,653

Staff Changes

The Royal Bank of Canada announces the following staff changes

J. DINGWALL, manager, Vanguard, Sask., to be manager Perdue, Sask.

A. A. MAY, manager, Perdue, Sask., to be manager, Yorkton, Sask.

J. B. HAWKEN, supervisors department, Toronto, to be manager, Ouellette & Ellis branch, Windsor.

L. A. MURRAY, manager, Niagara Falls Centre, to be manager, Quinpool & Oxford branch, Halifax.

F. LAZZARI, manager, Fort de France, Martinque, to be assistant manager, Port of Spain, Trinidad.

H. L. MANN, assistant manager, Caracas, Venezuela, to be assistant manager, Lima, Peru.

E. H. C. THORNE, assistant manager, Port of Spain, Trinidad, to be assistant agent, New York.

E. A. MURILLO, to be accountant, Medellin, Colombia.

Marine Cover Act Planned

Committee of Insurance Superintendents Study Addition to Insurance Act

Addition of a marine section to the provincial insurance acts in provinces where shipping is an important activity is being considered by a committee of underwriters of the Association of Provincial Superintendents of Insurance.

At present British Columbia alone has a marine insurance act and this is being used as a model. Nova Scotia at the last session of the legislature had a bill under preparation. But it was found there would not be sufficient time to give it adequate consideration and it was not introduced.

Manitoba has also given some study to the question and has had several meetings with representatives of marine insurers but discussions have not yet reached a stage where introduction of a bill would be considered.

As marine insurance involves a number of peculiar considerations, it is felt by the committee in charge that great care will have to be taken in drawing up any act dealing with it.

Definition Required

Some points calling for special consideration are:

Adoption of a definition of marine insurance which will stand under all conditions and be agreeable to all provinces.

Cognizance of the fact that there will be overlapping between inland transportation and marine insurance. In a special report, W. E. McLean, deputy superintendent of insurance for Manitoba and secretary of the committee, points out that, for example, on inland waters a vessel itself might be a marine risk while part or all of the cargo might be insured under an inland transportation form. This would have to be recognized, he stated, so as not to interfere with the proper conduct of the business.

Care will also have to be taken that certain sections of the ordinary insurance act do not affect marine insurance, the committee points out.

The question of deposits with the Dominion and the provincial governments and the question of taxation of premiums is another point the committee states should be thoroughly discussed. If a deposit is not required by the Dominion should the provinces require one?

Banking

Enlistments Produce Bank Staff Problems

Girl Clerks Fill Large Proportion of Vacancies on Temporary Basis — Not So Likely to Be Called For National Service

One effect of the war on the chartered banks is visible in the increasing number of girl clerks in the branch offices. This is because many of the young men on the staffs of these institutions are joining the armed forces.

As these girls gain experience, they will fill the positions of ledger keepers, tellers and accountants formerly held by men, as they did in the last war.

Two factors enter into the situation.

One is that girls are not so likely to be called out for military service.

The second is that they can be engaged on a temporary basis more readily than men. As a rule boys entering the service of a bank do so intending to make banking their life work. With girls it is generally a temporary occupation. This makes adjustment of staff at the end of the war very much easier.

In Previous War

The situation is not new, of course. In the last war a large number of girls were taken on to replace men, many of them becoming tellers and some accountants. As soon as the war ended, enlisted men returned to their jobs and the number of girl employees gradually declined.

This time, in some of the banks at least, it is expected the problem will not become so acute as before because the average age of the bank officers is higher than in 1914.

This is due to the fact that for a number of years the number of new clerks engaged was relatively small. In the 1920's, for instance, the number of banks and bank branches was considerably reduced by amalgamations. This resulted in a surplus of staff which took some time to absorb. Consequently the number of junior clerks taken on was limited.

Then, during the depression years, the number of branches was again reduced to cut costs, in face of decreased earnings. By mutual agreement, offices in the less profitable areas were merged, one bank carrying on the combined business in one centre and another taking over the combined business elsewhere.

Under the general bank policy as regards staff, the number of men discharged was kept at a minimum. But this again tended to restrict the number of junior clerks taken on during those years.

Accordingly with the average age higher than in 1914, enlistments from the banks may not be so heavy as in the last war until, possibly, the need for men becomes more insistent than it is today.

At present a number of the banks are filling vacancies due to enlistments with girls who are engaged on the understanding that employment may be only temporary. This is done to prevent any misunderstanding when the war is over.

Men who enlisted will return looking for their jobs back again. The banks have made a practice of holding their positions open for them.

Vacancies of Two Categories

Some of the banks are trying to separate the number of vacancies occurring through enlistment from those which could be expected to occur due to ordinary shrinkage such as deaths, retirements, etc. Vacancies in the first class are being filled with girls, but vacancies of second class are being filled by boys as far as possible.

Where this is done preference is given to youths of 16 or 17 rather than older boys who are more liable to be called out for military service.

Work of the banks has increased enormously since outbreak of war.

General trade and industry for one thing are more active than for some years past, making more work for the banks. Then the regulations of the Foreign Exchange Control Board have made a great deal of extra work. More recently the sale of war savings certificates has added to other duties, this last, by the way, being done without charge as a contribution to the national war effort.

One of the main points in the problem is the training of the substitute staff. It takes some time before a junior becomes efficient while considerable training is also necessary before a man or woman can take over the duties of a ledgerkeeper or teller.

Weekly Bank Clearings

	Aug. 15 1940 $	Change year ago %	Aug. 8 1940 $
Halifax	3,218,612	+43.8	3,168,438
Saint John ..	1,834,532	+9.8	1,885,276
Moncton	765,501	+11.7	873,556
Sherbrooke .	901,297	+27.3	819,488
Quebec	4,738,212	—18.6	5,431,430
Montreal	84,528,853	—8.1	94,375,590
Ottawa	19,944,684	+44.1	47,653,777
Kingston	576,110	+10.3	655,424
Peterborough	620,684	+5.6	606,326
Toronto	86,637,979	—8.8	96,291,333
Hamilton	4,920,073	+5.3	5,132,245
Kitchener ...	928,914	—6.0	950,178
Brantford ...	756,515	+7.2	887,312
London	2,314,553	+2.7	2,294,903
Chatham	553,445	+8.4	469,456
Windsor	2,468,189	—4.1	2,045,132
Sarnia	386,526	—13.1	400,821
Sudbury	1,114,166	+13.6	921,277
Fort William.	779,357	+7.1	890,971
Winnipeg	24,728,367	—24.0	26,887,838
Brandon	324,517	+11.3	347,194
Regina	2,852,105	+0.2	3,668,443
Moose Jaw ..	475,974	—9.8	403,873
Saskatoon ..	1,155,980	+4.9	1,958,958
Prince Albert	282,632	—6.5	392,093
Edmonton ...	2,820,308	—29.5	3,523,111
Calgary	4,673,628	+10.9	5,348,150
Lethbridge ..	386,995	—23.6	407,410
Medicine Hat	190,941	+4.2	221,483
N. W'minster	726,743	+13.8	668,534
Vancouver ..	15,816,061	—2.6	19,168,470
Victoria	1,891,035	—1.9	1,955,871

Life Insurance

See Big Market Among Women

Increasing Number Gainfully Employed is Regarded as Enlarging Number of Prospective Buyers of Life Insurance

With employment among women increasing under war conditions, some life insurance salesmen are seeking to increase their sales in that quarter.

A number of reasons are mentioned as making women especially good prospects at present. Many more women under modern conditions have the same need for protection as men and life insurance offers a method of saving with particular attractions because of the extraordinary uncertainties now existing.

Many women have dependents whose security present circumstances may render all the more pressing.

Annuities Popular

In many instances it has been found that annuities and pension plans are especially popular with women workers.

Another reason why women are good prospects just now is that apart from serving as nurses in the overseas forces they are not likely to be affected by the war clauses now imposed on the male insurance buyer. Women in Canada may be called out to do national service of some kind but this would not mean going out of the country, hence the war clauses would not make any difference.

The number of women that have been solicited for life insurance is relatively small. Some have insurance or annuities, of course, but compared with men the field among women has been relatively untouched.

Persistent Policyholders

Moreover, women have the reputation of being persistent policyholders. One underwriter claims that out of 25 policies held by women, he has lost only two in almost three years, and in one of these cases the husband talked the wife out of holding her insurance when they married.

Another reason given for studying the feminine community for prospects is that women are often helpful in creating new prospects. Underwriters claim that women are generally more faithful clients; that when they marry, they often turn their husbands into clients for the same underwriter.

Practically every life underwriter has had the experience of having sold a husband a policy only to have the sale blocked by the opposition of the wife. But if the wife is already a policyholder and is sold on the idea of life insurance she is likely to help the sale; want her husband to have more rather than less.

The fact that women's present ability and opportunity to earn may not always be as good as at present is also advanced as a reason for investigating this big group of prospects.

Life Insurance At Work

In 1898 a man living in Toronto took out a policy on his own life payable to his wife. He paid five annual premiums on time and then, as far as the company was concerned, disappeared.

Letters were returned "addressee unknown" and all efforts to find him proved fruitless. The company, however, continued to carry the insurance as a paid-up policy for a smaller amount.

Meanwhile the problem was not forgotten. Contact was finally established with a party who had known the policyholder and who claimed he had been killed in action in France in 1918. This party also stated the widow was living in Toronto.

The fact of the policyholder's death was established, and the widow located. After showing evidence of her right to the money she received a cheque for the paid-up policy, of which she had been completely ignorant, more than 20 years after her husband's death and almost twice that long since the last premium had been paid.

Life Insurance In U. S. Up 19%

Gain Over July Last Year — Down on Year

New life insurance for July in the United States showed an increase of 19.5% over July of last year, the Association of Life Insurance Presidents reports to the United States Department of Commerce. The total for the first seven months of this year was 1.2% less than for the corresponding period of 1939.

The report aggregates the new paid-for business—exclusive of revivals, increases, and dividend additions—of 40 United States companies having 82% of the total life insurance outstanding in all United States legal reserve companies.

With all classes contributing to the July increase, the new business of the 40 companies for the month was $605,326,000 against $506,380,000 for July of last year. New ordinary insurance amounted to $437,614,000, an increase of 20.1%. Industrial insurance was $124,192,000, an increase of 5.1%. Group insurance was $43,520,000, an increase of 82.4%.

For the first seven months the new business of all classes of the 40 companies was $4,284,782,000 against $4,336,687,000 during the corresponding 1939 period, a decrease of 1.2%. New ordinary insurance was $2,990,385,000, a decrease of 1.7%. Industrial insurance was $907,079,000, an increase of 5.4%. Group insurance was $387,318,000, a decrease of 10.9%.

How to Increase Sales of "Ordinary"

The Life Insurance Sales Research Bureau has just made available to member companies a sales procedure which has been developed to help agents more effectively serve the large group of medium income ordinary life insurance buyers.

The complete plan is introduced and described in the book, "Programming the Package Sale."

For some time the Research Bureau has been collecting ideas and methods designed to meet the need of the average agent for two things: first, a sound proved sales technique designed specifically for the average agent; and, second, a technique directed to the market he is best able to serve.

The plan embodied in "Programming the Package Sale" makes available a simple, sound-selling procedure applicable to the largest portion of the market of ordinary insurance buyers and which is designed for the many agents who tap this market.

The book has been issued in two editions. The first is directed to the manager or trainer and contains introductory material and a guide for use in supervising the plan. The second edition, designed specifically for the agent, is entitled "Programming the Package Sale at Work."

More in Forces From Confed. Life

A further group of members of the Confederation Life Association staff have become engaged in full time active war service.

Robert B. Smith, Toronto City & Suburban, Ontario Regiment.
Kitchener J. Ward, London, R.C.A.F.
L. D. Stupart, Accounting, R.C.N.V.R.
M. F. Auden, Actuarial, 2nd Can. Motorcycle Reg.
J. J. Winship, Winnipeg Bldg., R.C.N.V.R.
E. J. Jennerway, Chief Office U.K., H. M. Forces.

Insurance Problems

Annuity Exemptions

I understand that when the budget first came out last June, money paid out in the purchase of annuities was exempted from income tax up to $300 a year. Later I saw this contradicted. Will you please tell me what is the real situation?

* * *

When the Finance Minister presented the budget June 24 it provided for exemption up to $300 a year on money paid in the purchase of annuities. When the bill came before Parliament later, however, it was decided to drop this clause. Accordingly no exemption is allowed on money paid in on the purchase of an annuity.

Mutual Selection
IN FIRE INSURANCE, ONLY CAREFUL SELECTION OF EVERY PROPERTY CAN PROTECT ALL
Careful selection of properties and owners is the root of this company's enviable record of policyholder benefits.
The selective character of Northwestern policyholders results in substantial annual savings, which under the mutual plan are returned to the policyholder. Last year these savings amounted to $1,531,487.
Applications For Agencies Invited
NORTHWESTERN MUTUAL FIRE ASSOCIATION
Canadian Head Office Vancouver, B.C.

BACHELOR
CIGARS
10¢ 100% Havana Filler

Before You Insure Consult
Confederation Life
Association
One of the World's Great Life Insurance Institutions.
Renowned for Strength, Service and Security
Since 1871.

Let a Northern Life representative show you how little it costs to provide future protection for your family and yourself.
1140
Northern Life
Assurance Company of Canada
Established in 1897 Head Office: London, Canada

NORTH AMERICAN LIFE
ESTABLISHED 1881
SOLID AS THE CONTINENT
A MUTUAL COMPANY
Head Office: TORONTO, CANADA
"Assure your future"
ALL PROFITS FOR POLICYHOLDERS

PRIVATE
KEEP OUT

Is your business COLD?
People like to do business with friends
It isn't what people *know* about your business that counts . . . it's what they *think*. No matter how efficiently you may serve them, if you're cold, reserved, they feel uncomfortable in your presence and cold toward your products.
RADIO . . . the ALL-CANADA stations . . . can take you into their homes as often as you want to go, as a warm friendly voice, speaking against the emotional background of the program.
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The Canadian-American Defense Pact

It is Key to Control of Atlantic, Says Eliot

Major George Fielding Eliot, author of this exclusive article for The Financial Post, is the celebrated military and naval commentator for Columbia Broadcasting System, Life Magazine and The New York Herald-Tribune.

In the next issue The Post presents an expert Canadian analysis of the pact by Professor A. R. M. Lower, of Winnipeg, long a student of defense matters who has consistently urged military co-operation.

By MAJOR GEORGE FIELDING ELIOT

The most important single lesson to be learned from the present war is the increase in proportionate importance of the time factor.

This applies both to preparation for war and to the conduct of war.

Modern fighting forces cannot be hastily improvised after war has begun. Their equipment takes too long to construct, and has no relation, as it used to do, to items normally available in civil life; the training of officers and men in the use of this equipment is likewise a time-demanding process. The instruments of modern war enable blows to be struck with lightning speed, and with devastating effect; nor is recovery easy, or stabilization likely, after the first blows have fallen upon an unready people.

Thus an adequate degree of preparation in time of peace, while preparation is possible, is imposed now and for the future upon those peoples who would continue to be free in a world where freedom is being challenged; in which it is, indeed, being stamped out in nations where it had flourished for centuries.

Free People Dislike Arms

This is more easily said than accomplished. Free peoples do not like the burdens of armament. The free mind turns naturally toward belief in better means of controlling international relations than the reign of force, and it is but human to believe in those things in which we wish to believe, especially when a contrary belief imposes irksome burdens upon us.

It has taken the terrible lessons, in swift succession, of the fate of the free peoples of Czecho-Slovakia, Norway, Holland, Belgium and France to shock the citizens of the United States into something approaching an accurate understanding of the sort of world in which they live, and the sort of measures they will have to take if they wish to continue living in that world as a free nation. And this is no less true in principle, though less so in chronology, of the citizens of Canada and of the United Kingdom.

But valuable, perhaps irreplaceable, time has been lost by all of us. In Europe Hitler, save for the uncertain position of Russia, is effective master of the continent. In East Asia Japan is stirring; may at any moment strike for the extension of her empire.

Britain stands alone in her islands, supported by the command of the sea and by the Dominions, facing a hostile continent.

Repining over what might have been will not serve us now; we must deal with this sorry situation as we find it.

There is one basic principle with which we may begin: The ultimate prize of victory in this war is the control of the Atlantic Ocean.

Let us examine this from varying points of view.

Britain must continue to control the Atlantic Ocean in order that food and raw materials may continue to reach her. Once her sea lanes are cut, she is doomed.

Germany, however supreme on the continent, cannot long continue either to make war or to operate her new empire in peace without free use of the Atlantic for trade and supply. The denial of this use by the British fleet was the most powerful of the weapons used against Napoleon, Wilhelm II and now against Hitler.

Sea Power Decisive

Canada and the United States cannot endure that the master of Europe by land should likewise become the master of the Atlantic. Were this to happen, neither nation would ever be safe. Both must become militarized states living in fear and under the yoke of military necessities which would inevitably lower their standards of living and deprive them of their free institutions.

In the end, therefore, sea power will be determinative. But it is necessary to take into account how far the conditions under which sea power used to be exercised have been altered by the new element of air power.

The secret of Britain's dominance of the seas for centuries past has been her insular base, which was secure from direct attack by the very fact of her naval dominance. Today that base is exposed to a form of attack from which sea power cannot wholly shield it. Napoleon used to speak of conquering the sea by the land; Hitler is striving to conquer the sea by the air.

But it is a fact that sea power has never been able to ensure the safety of any nation which could be directly invaded by land, and this will continue to be so with those which can be directly attacked by air. Hence, it is probable that in the immediate future it will be necessary for sea power to be exercised not from an island adjacent to powerful enemies possessed of great air fleets, but from the farther side of an ocean which air fleets cannot cross—or across which, at least, they cannot operate with full effect.

If Britain survives, therefore, it seems likely that British sea power will in future be based in Canada and perhaps certain other positions, rather than in the British Isles. But this is for the future. The immediate problem is whether Britain is going to survive, and what must be done to assure the safety of North America if she falls.

Together Canada and United States have to face three propositions:

1. Let us assume, as we all hope, that Britain continues successful resistance at all points.

If she does so, it will be because she keeps her sea lanes open for reinforcements and supplies, and gradually overcomes Germany's present lead in the air. For this, not only Canadian but United States support is necessary. The United States will make that support available in as great measure as possible; but that measure is conditional on not risking her own security.

A defense agreement with Canada so greatly increases that security as to make, both in time and in quantity, a much greater measure of support available for Great Britain.

2. Suppose Britain, though unconquered, finds her naval bases untenable by reason of Germain air attacks.

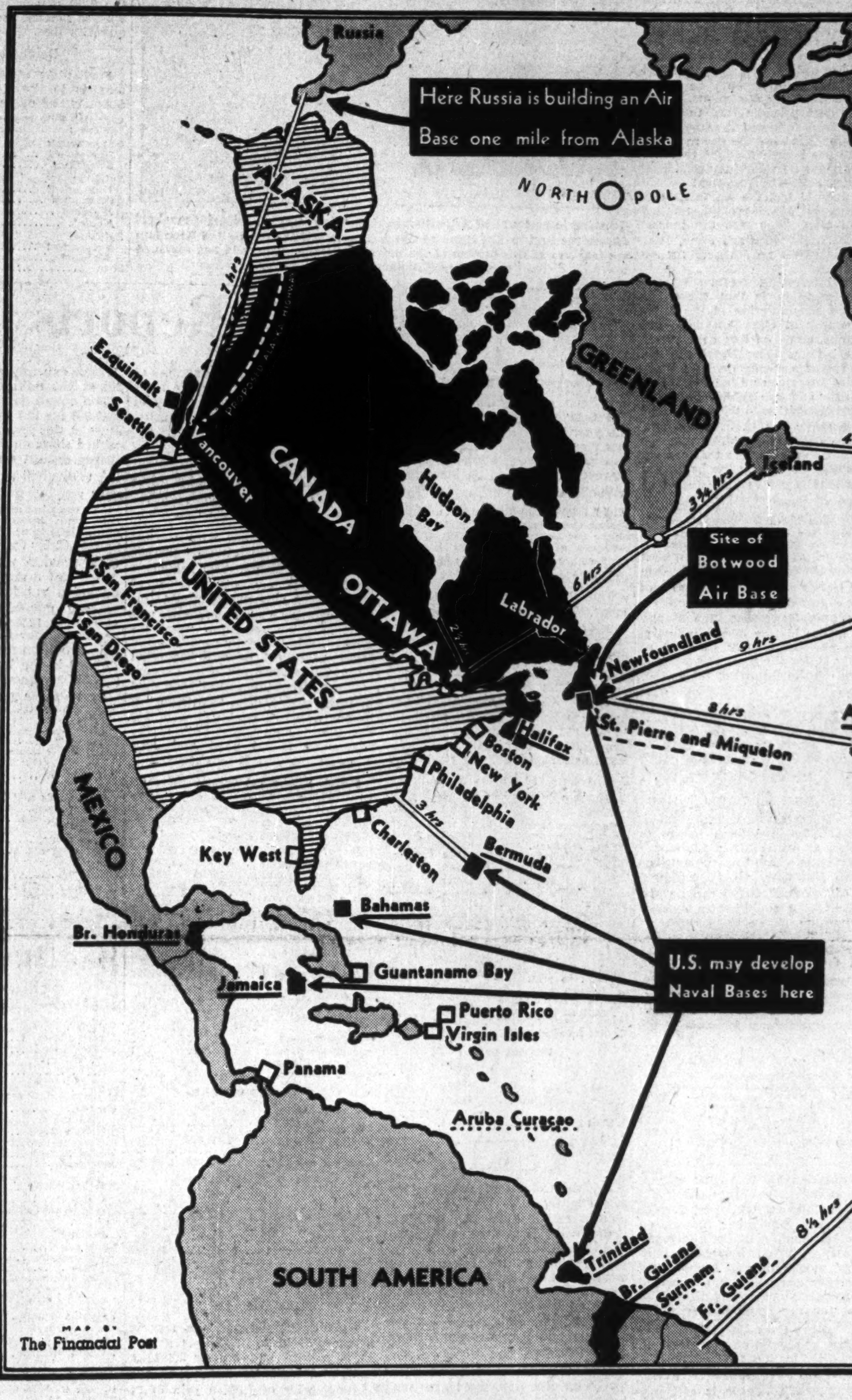
In this case, as far as capital ships and large cruisers and carriers are concerned, the only available docking facilities are in the navy yards of the United States at Boston, New York, Philadelphia and Norfolk. There should, of course, be no question as to the availability of these bases for the use of major units of the British fleet.

Protecting New World

3. If—God forbid—Britain were to go down under the German attack, then it is necessary that the inhabitants of North America shall be in command of the sea and air approaches to their shores from Europe. These approaches are dominated in the north by a chain of islands commencing at the Faroes and continuing via Iceland and Greenland to Newfoundland and so to the vital centres of eastern Canada and the northeastern United States. Together we must also control and watch the entrance to Hudson Bay, for penetration of that vast inland sea by an enemy might have disastrous results.

The first point to be kept in mind is the absolute necessity for excluding hostile air power from the shores of the New World, from any possible foothold from which it might strike at the centres and lines of communication of North America. This is primarily a matter of sea power.

The balance of power in the North Atlantic will rest on the control of bases, and on the number of effective fighting ships and aircraft available. As to the ships, there will be little immediate likelihood that after the desperate fighting which must attend any possible victory over Great Britain, Hitler will be able to assemble a navy sufficient to meet in line of battle the powerful United States fleet. He may perhaps acquire in one manner or another some of the ships of the British fleet, but they will not be in usable condition for months to come, probably not for a year or two. His own navy is pretty badly battered, and his new construction will not be ready for sea for some time. The Italian navy is not fitted for transatlantic operations, at least, as to most of its ships.



Concerning this area a new chapter in world history is now being written.

Pacific Also to Watch

But since both Canada and the United States have Pacific frontiers to watch as well as Atlantic, it may not be possible to bring the whole of the U.S. fleet through the Canal, so that some discount must be placed on the above calculations. Moreover, they are but temporary, since the shipbuilding facilities of all Europe will enable Hitler to build a very much larger fleet, given time. We have a respite, but not a pardon.

We must turn, then, to the base situation.

A glance at the map shows us the commanding position of the island of Newfoundland with respect to the main transatlantic sea lanes in the north, as well as to air operations in this area. A strongly defended base on Newfoundland, garrisoned by Canadian and Newfoundland troops, and available for the use of United States ships and aircraft, would be a mighty bastion against attack from across the ocean, by whatever means it might come.

Even an inferior naval force, so based and supported by powerful air squadrons, could assure the safety from direct attack of the all-important regions behind it. So assured, the peoples of North America could continue to deny the use of the Atlantic to the Germans; and might, indeed, from this and other advanced positions bring about a state of affairs which would compel Hitler in the end to disgorge part of his conquests. That we should be able to do so would be the last remaining hope of Britain.

All this demonstrates that from the British viewpoint, an American-Canadian defense agreement is of the first importance, whatever happens. The British viewpoint is now uppermost in Canadian minds. But from the strictly local Canadian viewpoint, also, such an agreement appears desirable.

Occupying a territory larger than that of the continental United States but with less than one twelfth of the population, Canada cannot command the resources either in money, men or supplies for adequate defense of her vast expanse of land. It is true that it has always been tacitly understood that the United States would not allow an attack on Canada. But from the point of view of timing it is now necessary to go farther than that.

To await an attack might be to wait too long. The location of air bases and naval bases, the allocation of troops to various parts of the country, questions of transportation, power, raw materials, the making, in short, of definite plans for meeting carefully considered emergencies: these are matters which must now be considered in the interests of both peoples.

Joint Manoeuvres

Joint manoeuvres may well be arranged for, under the auspices of the new joint defense board which is to be set up. Nor should the Pacific be forgotten, where Canada commands the direct access of the United States to the territory of Alaska, so important in the defense of both countries against a possible Asiatic threat.

It may, however, be suggested that such a threat is far more easily controlled by sea power; and that a defense pact between the United States and Canada might pave the way for a similar pact with Australia, under which circumstances the use of the United States fleet in the waters of the western Pacific would be enormously more effective, and a far greater restrainst on the adventuresome notions of Japan.

Underlying all the plans and all the action in support of them, however, must be a mutual understanding, a spirit of good will. Americans must realize the validity of Canadian loyalties to the Crown, and indeed their own interest in aiding Great Britain against her present foes. Canadians must accept American good faith; must, from their own immediate past, find a measure of understanding of American hesitation and unwillingness to engage in another European war.

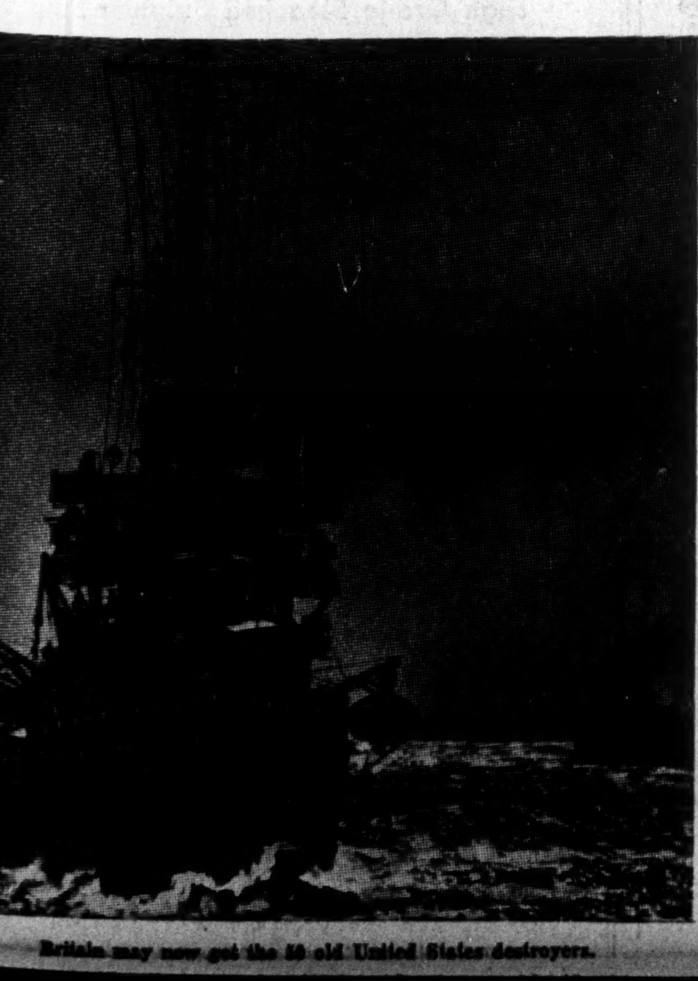
Shifting Balance of Power

Both must look forward toward a future which seems likely to shift the balance of world power to the continent of North America, a future in which both peoples can co-operate to the preservation of Anglo-Saxon free institutions and the right of man to exist as the master and not as the slave of the State.

Above all, let there be no bargaining and chaffering at such a time. As between Canada, Great Britain and the United States there are beginning to be recognized by all three peoples certain areas of common interest, in which common action is possible in support of that interest.

The United States is strengthened by helping to make Canada more secure. Canada is strengthened by the assurance of receiving American help in time to be of use. Great Britain is strengthened by a firmer position in the Atlantic and by increased possibility of help from overseas—not less by the moral effect that such events will have upon the neutrals of the world, and upon Germany itself.

It is in the spirit of a common recognition of common aims and common action to attain them that we should enter upon this new relationship, on the success of which depends in all human probability the future of freedom in this world.



Britain may now get the 50 old United States destroyers.

What Pact Means For Business

By RONALD A. McEACHERN
Staff Writer, The Financial Post

What are the economic implications of defense co-ordination between Canada and the United States? What are some of the factors which will determine the dollars and cents effects?

There are three angles to this:

Full industrial co-ordination between the two countries to make the best use of resources for war.

Financial co-ordination which is now barred by the U. S. Neutrality Act.

The division of costs between the two countries, which even for building up second line defenses will be enormous.

It is safe to accept as axiomatic the fact that most Canadians do not want defense co-ordination to result in anything even faintly resembling political annexation or American overlordship.

Equally safe it is to state quite flatly that complete defense co-ordination between Canada and the United States raises no problems either of constitutional law or of sentiment that in any way conflict with Canada's position within the British Commonwealth of Nations.

But basic it also is that Canada be prepared and willing to "keep up her end" of any bargain reached; that she act and think like a nation, partner in the struggle for the democratic way of life.

Because modern war is economic as well as military, any plan for co-ordinated military action must now inevitably have its supplementary plan for economic action.

Some preliminary moves have already been made along this line, notably the apparently ill-conceived scheme for a Pan-American trade cartel through which United States would lead the mobilization of essential supplies of the western hemisphere for either offensive or defensive war against the Hitler barter trade system.

As previously outlined in The Financial Post, practical considerations showed the cartel plan to be pretty much of a high-minded day-dream. The reasons: enormous dollar cost, the more than platonic relations between many of the South American republics and the fascists, and the essentially defeatist, negative economic policy of enforced scarcity.

But of the greatest significance for Canadian industry was the specific undertaking of the Roosevelt-King agreement to include in defense studies problems of material.

This opens up enormous possibilities: joint agreement that United States will specialize in the making of this defense weapon, Canada in the making of that; a planned industrial economy covering the entire defense industry of two countries.

For example: Airplane engines and explosives. Under the new setup it is conceivable that in the co-ordinated plan America would expand present airplane motor plants (as she is now doing as rapidly as feasible) and Canada would stop thinking about starting her own aero-engine industry.

Because Canada is now building enormous new explosives plants and because she has relatively low-cost supplies, especially of electrical energy, cellulose, etc., production of explosives might be made one of Canada's particular functions in the joint endeavor.

Canada is making rapid progress with the preparation for large-scale manufacture of certain small arms and small arm ammunition in vast quantity. America, on the other hand, has at least the foun-

(Continued on page 13, col. 2)

Pulp and Paper Industry

Operators Watch Publishers' Stocks

Unfavorable Trend Recently Calls For Action to Prevent Repetition of 1937-38 Situation — Price Policy Helpful

By JOHN LANGDON
Eastern Editor, The Financial Post

MONTREAL.—Growth in newsprint stocks is causing more than ordinary concern to the manufacturers.

A relatively sharp drop in production and shipments during the balance of the year (a trend which may not become very apparent until September) is in prospect. However, as far as can be foreseen at this stage, the Canadian newsprint industry as a whole will operate at around 75% of capacity for all of 1940.

Provided this average is reached, the returns to the manufacturers will be most satisfactory. Last year the operating ratio was just under 69%. An improvement of 6 points, together with the premium on American funds covering sales in the United States, should permit the operators to report higher earnings than in some years past.

Can See Danger

The problem confronting the operators is how to equalize operations or at least minimize whatever adverse conditions which may result from the excess accumulation of stocks in the past two or three months. The industry does not want a repetition of 1937 when the abnormal accumulation of stocks by publishers in the face of a premature price increase announcement had serious repercussions on the operations of the manufacturers in 1938.

Manufacturers are well aware of the danger in the current situation. The announcement of International Paper, subsequently subscribed to by Canadian manufacturers, that the price schedule would be maintained until the end of the first quarter of 1941, was designed to put a halt to further accumulations.

Buy Against Trend

Operating under war conditions it is only natural that costs should rise. The American publishers, apparently, have been going on the assumption that despite the good intentions of the Canadian manufacturers, the price of newsprint would advance. Hence, they have been overbuying of late to build up a reserve against a possible price rise at the beginning of the year.

In this connection the Newsprint Association of Canada announced shortly after war began, and repeated the statement later, that it was the express policy of the manufacturers to keep a close check on prices in order to secure orderly marketing. The American Newspaper Publishers Association co-operated, warned its members of the danger of bunching orders, and suggested that the year's requirements be taken in equal monthly allotments.

It is just possible that the publishers have followed the suggestion of the A.N.P.A., but the rise in stocks of late has been sufficient to cause concern among manufacturers.

Stocks Are Abnormal

At July 31 last the North American supply of newsprint totalled 740,278 tons. This was the largest quantity reported since June, 1938 and was 62,000 tons higher than a year ago.

One interesting feature of the stocks situation is that there has been no accumulation at the mills. The supply at Canadian mills has remained more or less constant in the last four years; Newfoundland mills report a steady decline; while those at American mills have varied but little and are relatively unimportant in relation to the whole.

It is when the U. S. publishers' stock situation is examined that one finds reason for the fear that orderly marketing may go by the board unless a halt is put to further accumulation of paper.

Too Much Newsprint

Except for the closing months of 1937 when stocks were being accumulated at an abnormally high rate and the early part of 1938 when these stocks were still in process of being digested, the current publishers' supply is greater than at any time in the history of the industry.

The newsprint stock situation as at July 31 for the past four years is set out in the following table:

	As at July 31			
	1940	1939	1938	1937
U. S. Publishers:				
A. N. P. A. members	363,288	296,348	343,638	397,131
All publishers	501,741	375,411	445,892	475,284
Canadian mills	175,750	202,051	179,282	176,905
U. S. mills	13,893	17,006	22,557	13,090
Newfoundland mills	48,894	83,923	70,741	109,177
Total stocks	740,278	678,391	718,472	774,456

Buy Beyond Needs

It might be contended that the higher stocks are justified in the face of an increase in consumption of newsprint by the American publishers. Such a contention is justified in part. The use of newsprint in the States for the first seven months of 1940 was 6.8% higher than for the like period of 1939 and 7.2% more than in the corresponding period of 1938.

It has never been possible to compute what is a "normal" stock situation for the American publishers. Conditions change from month to month so that it is difficult to secure a basis upon which to make a calculation. However, an approximate idea of "normal" stocks can be had by comparing supply with current consumption.

Trend is Wrong

The following calculation shows the relationship between the average monthly consumption since the beginning of the year with stocks on hand as at July 31 for 1940, with comparative figures for each of the preceding three years.

U. S. Publishers Stocks in Relation to Apparent Consumption

	As at July 31			
	1940	1939	1938	1937
Consumption*	302,375	283,237	281,152	320,508
Stocks	501,741	375,411	445,892	475,284
Ratio	1.66:1	1.33:1	1.59:1	1.48:1

*Average monhtly consumption in period January-July.

Reason for Concern

The table also provides a ratio as between stocks and the average monthly consumption. On the basis of the figures shown, it is apparent that the manufacturers have cause for concern.

At the end of July the ratio of stocks to consumption was 1.66 to 1; in other words, the publishers were carrying enough paper to meet their requirements for one and two-thirds months on the basis of their actual needs.

Further it will be noted that the ratio as at July 31 last was not only considerably higher than it was a year ago, but also was well above the ratio for the "black" years of 1937 and 1938.

Unquestionably stocks of paper in the hands of U. S. publishers are too high. It can be said also that mill stocks are average, or even under average considered in conjunction with the American needs.

Two Corrective Measures

Return of American publishers' newsprint stocks to more normal and reasonable proportions depends upon two factors.

First is that the current announcements of the manufacturers in regard to their price policy over the next six months will be taken by the publishers as further and conclusive evidence of the good intentions of the industry not to profiteer by the war situation.

Secondly a restriction in production of such proportions as to force a liquidation of excess stocks.

At this time there is no indication of the manner in which the U. S. publishers have received the new price policy. It is true that the American Newspaper Publishers Association has co-operated closely with the manufacturers to bring about orderly marketing. This has been helpful, but the degree of cooperation necessarily must depend upon the co-operation extended by the individual member.

That there has been an accumulation of stocks beyond actual needs is only too clear, judging by the returns. This can only mean that some publishers do not believe or did not believe, that the manufacturers would or could maintain prices at the $50 level.

Have Gone the Limit

It is obvious that the manufacturers have gone as far as they possibly can in quelling the fears of the publishers along these lines. In some quarters it is believed that they have gone too far in committing themselves to deliver newsprint at a fixed price for such a lengthy period. That may be, but there can be no argument on the point that the producers have leaned backward in attempting to show, both by word and deed, their desire to maintain stability in the newsprint market.

The reaction to the announced price policy is not likely to be apparent for several weeks. Further, it is questionable if August returns will indicate that the publishers have stopped accumulating surplus stocks. The September figures, on the other hand, will definitely tell the story. A further increase in publishers' stocks during August and September can only mean a period of considerable operating difficulties ahead for the manufacturers.

Hurt Own Interests

There is plenty of newsprint to meet all the legitimate demands that are likely to be made upon the Canadian industry. There is certainly no need to ration the supply. But unless the U. S. publishers co-operate to the full in bringing about orderly marketing, it may be necessary for the mills to take direct action not only for their own protection, but also that of the consumer.

The Canadian industry does not want a repetition of the conditions that prevailed in 1938, when mills were operated at well under half of their capacity because of the excessive stocks built up the year before.

If unwarranted accumulation of stocks in publishers' hands forces a sharp curtailment in mill operations, it stands to reason that manufacturers' costs will rise.

This is taking the most realistic view of the situation. The present situation, if it is not further aggravated, will necessarily mean some curtailment in operations between now and the end of the year.

Still Under Control

Such curtailment would not be overly serious to bring present stocks down to more reasonable proportions. Nevertheless, any drop in the rate of manufacture has its influence on the financial returns of the operator.

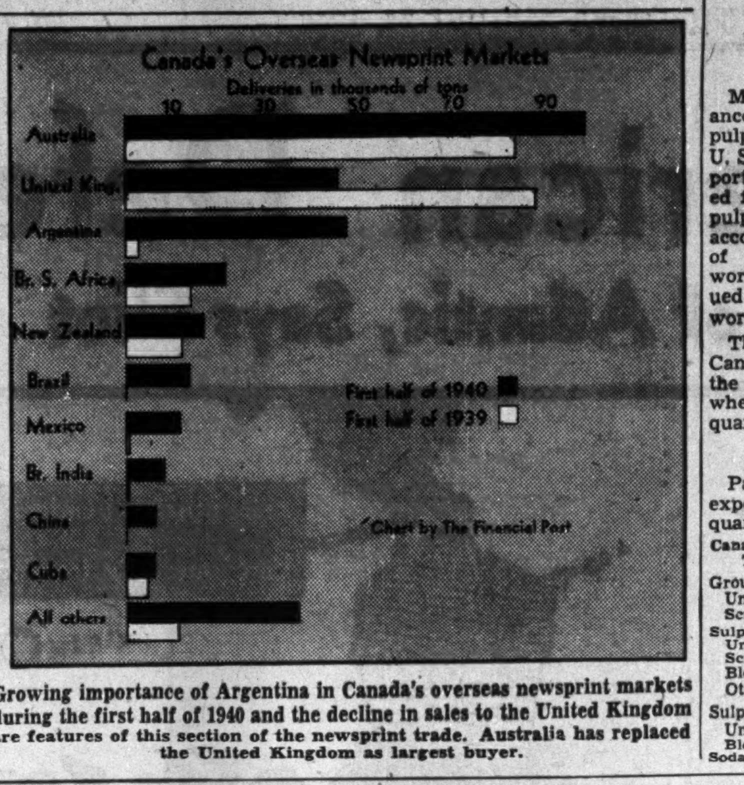
Fortunately conditions in the newsprint industry, especially in Canada, have been highly favorable to date. A drop in production and shipments in the closing months of the year, compared with those prevailing in the first seven months, would not be unduly depressing.

The situation in respect to publishers' stocks calls for close watching, but if the publishers co-operate in preventing their further expansion, it will be possible for the manufacturers to stabilize operations, keep price under control and assure orderly marketing.

Pulpwood Exports Pass $1.5 Millions

From Our Own Correspondent

MONTREAL.—Pulpwood exports from Canada to the United States continued at a high level during June. According to returns of the U. S. Department of Commerce, imports of pulpwood from Canada last June totalled 190,501 cords. The value of this trade was $1,652,545.



Growing importance of Argentina in Canada's overseas newsprint markets during the first half of 1940 and the decline in sales to the United Kingdom are features of this section of the newsprint trade. Australia has replaced the United Kingdom as largest buyer.

Canada Meets U.S. Pulp Needs

Majority of U.S. Imports in June Came From Dominion

From Our Own Correspondent

MONTREAL. — Canada's dominance of the United States import pulp market shows up clearly in the U. S. Department of Commerce's report. During June the U. S. imported from all countries 93,358 tons of pulp valued at $4,475,899. Canada accounted for 84,521 tons to the value of $4,266,579; Finland 8,615 tons, worth $203,374; France 10 tons, valued at $856; and Roumania 212 tons, worth $5,090.

The only competition received by Canadian pulp manufacturers was in the field of sulphate or kraft pulp, where Finland supplied a larger quantity than Canada.

Details of Trade

Particulars of the Canadian pulp exports to the States in June by quantity and value follows:

Canadian Pulp Exports to U.S., June, 1940

Type:	Tons	Value
		$
Groundwood:		
Unbleached	21,108	585,078
Screenings	30	364
Sulphite:		
Unbleached	21,755	1,008,586
Screenings	367	6,507
Bleached	13,080	972,103
Other	17,204	1,000,948
Sulphate:		
Unbleached	5,164	303,341
Bleached	4,759	333,614
Soda	1,054	56,038

Bond Deposits Date is Set

Abitibi Bondholders' Committee Will Accept Bonds to Sept. 14

Bondholders' protective committee for Abitibi Power & Paper Co. has fixed September 14 as the final date for receiving deposits of bonds under its plan of procedure for a judicial sale of the company's assets, it is announced.

This date had been mentioned in The Financial Post some time ago but reports were circulating that a later date would be selected.

The committee also announces that it has over 60% of the outstanding bonds on deposit. This is more than 50% required to make the plan effective. The sale of the property and assets is scheduled to take place in Toronto Oct. 16.

Non-Depositors Get Cash

The bondholders' protective committee may use deposited bonds and matured coupons in lieu of cash in part payment for the properties. Non-depositing bondholders would be entitled to their distributive share of the purchase price after allowance for their share of the expenses and prior charges. The purchase is to be made in Canadian funds.

The plan of procedure contemplates the purchase of all Abitibi assets on behalf of depositing bondholders by a new company which would issue common stock at the rate of 40 shares for each $1,000 deposited bond.

Canadian Wirebound Works at High Level

Operations of Canadian Wirebound Boxes for the three months ended July 31, first quarter of the company's year, compared favorably with the closing quarter of the year ended April 30, 1940, and were well above the corresponding period a year ago. Most of the improvement is due to better general business conditions as direct war business obtained has not been large. Orders on hand promise continuation of good scale operations, it is said.

U. S. Newsprint Needs Up 8.6% Over 1939

From Our Own Correspondent

MONTREAL.—Apparent United States consumption of newsprint paper for the first seven months of 1940, based on returns compiled by the American Newspaper Publishers Association, amounted to 2,124,870 tons. This represents an increase of 8.6% over the first seven months of 1939 and 7.2% over the like period of 1938.

On the basis of actual reports received from 421 newspapers, consumption of newsprint in July amounted to 206,913 tons. This was 4.3% over July, 1939, and 5.5% over the same month of 1938.

Judge Signs M. & O. Order

Approves Amended Plan and Gives to Oct. 25 for Acceptance

The court in Minneapolis has ruled on all the points of law involved in the reorganization plan for Minnesota & Ontario Paper Co. The court has also ruled that the bondholders' protective committee may vote approving the plan if no dissent is filed. This would eliminate requirements for individual assents by bondholders.

Federal District Court Judge Nordbye has now signed the order approving the trustees' amended plan of reorganization.

Full information is to be mailed to interested parties by Sept. 10 and acceptance filed by Oct. 25. Bondholders' committee has authority to accept on behalf of all deposited bonds except those withdrawn before Oct. 2.

As both the bondholders' committee and unsecured creditors agreed to the plan in July, it is understood that completion of the plan, including exchange of securities, becomes in reality only a matter of handling details and arranging the various papers.

Company Reports

North-American Elevators

Volume of business handled by North-American Elevators Ltd. in the year ended April 30, 1940, was less than that of the preceding year. Decrease in operating expenses, however, resulted in an increase in both operating and net profits. There was a balance available for first preference shares amounting to $6.71 a share for 1940 against $3.19 for 1939. Arrears of dividends on the first preference amounted to $47.25 a share.

Full depreciation allowance was made. Tax provision is higher because of increase in the corporation tax rate to 18% from 15% last year and the newly imposed excess profits tax.

Bank loan is reduced $60,000 to $100,000. Outstanding 6½% first mortgage bonds have been reduced to $425,800 from $430,300 a year ago. An additional $121,200 is held by the bank as security for the bank loan.

Income and Surplus Account
Years Ended April 30

	1940	1939
	$	$
Gross earnings	256,611	340,188
Less: Elevator oper.	98,954	200,457
Gen. & admin. exp.	16,178	16,316
Exec. salaries	10,000	8,000
Legal expenses	802	785
Directors' fees	555	555
Oper. profit	130,122	114,075
Less: Depreciation	64,478	64,478
Interest	33,447	37,239
Inc. & E. P. T. taxes	11,000	2,300
Net profit	21,197	10,058
Less: Prev. deficit	21,678	31,736
Trans. to pref. approp. acct.	4,813	......
Add: Adj. on pwr. used	4,944	......
Profit on bonds red.	350	......
Deficit forward	nil	21,678

Working Capital

	1940	1939
	$	$
Current assets	76,503	37,440
Current liabilities	54,899	36,359
Working capital	21,604	1,081

B. C. Packers

British Columbia Packers Ltd. sold slightly more goods in the 12 months ended April 30, 1940, than it did in the 16 months ended April 30, 1939. Substantially lower expenses during the latest period meant that net profits for the 12 months were equivalent to $2.87 a share on the common while in the preceding 16-month period, net was equivalent to only 97 cents a share.

Funded debt has been reduced $50,000 by payment of a serial maturity on the first mortgage bond issue.

Of the inventory of $1.4 million of finished products on hand at April 30 this year, all but under $50,000 had been sold by July 31, states H. R. MacMillan, president. An increase of $602,373 in inventory of store merchandise, etc., is due to a policy of stocking supplies earlier than usual because of uncertain delivery.

The company spent $481,831 on new properties, plant, equipment and boats. A reduction plant at Alert Bay was re-established and re-equipped. A cold storage plant with a storage capacity of 750,000 lb. and an ice plant with storage capacity of 1 million pounds was built at Namu. The reduction plant, wharf and other items at Namu were also increased. At Imperial cannery a meal warehouse was built and the reduction plant increased. Additions were made to the Pacofi and Port Edward reduction plants and several centrifugal separators for separating fish oils installed in other plants. The "Northisle," a packer of 66 ft. equipped with 140 h.p. Diesel engine, was built at the company's Celtic yard and four other fishing vessels purchased.

Consol. Income and Surplus Account

	Year ended Apr. 30 1940	16 Months ended Apr. 30 1939
	$	$
Sales	6,190,953	6,153,405
Less: Cost of sales	4,713,206	5,202,350
Sell., gen., adm. exp.	366,563	432,362
Net oper. earnings	1,111,184	518,693
Less: Depreciation	263,813	259,996
Mgmt. & exec. sal.	30,116	34,392
Directors' remun.	1,500	2,350
Legal fees & exps.	4,245	6,296
Bond interest	46,923	23,301
Bond exp. w/o	4,021	1,675
Inc. tax reserve	369,935	57,881
Net profit	390,631	132,802
Add: Prev. surplus	267,746	131,576
Adjustment	......	3,368
Surplus forward	658,377	267,746
Earned per Share	$2.87	$0.97
No dividends paid.		
Shares O/s., n.p.v.	136,279	136,279

Working Capital

	1940	1939
	$	$
Current assets	3,222,543	2,245,120
Current liabilities	1,472,810	551,394
Working capital	1,649,733	1,693,726

Balance Sheet Changes

	1940	1939
	$	$
Fish & other products	1,355,503	1,182,722
Merchand. & supp.	1,014,412	412,039
Bank loan	378,575	......
Deferred bills pay.	304,992	361,000
Funded debt	950,000	1,000,000

Canada Dry

Canada Dry Ginger Ale reports gross sales of $5.1 millions in the three months ended June 30, 1940, compared with $4.1 millions in the same quarter of 1939, a gain of $1 million.

Cost of goods sold, however, at $2.2 millions is up $520,000 in the latest period, while advertising, selling, distribution and general and administrative expenses are up about $400,000 at $2.3 millions.

The result is that net profit of $343,560 for the three months ended June 30, this year, is equivalent to 56 cents a share on the 615,157 common shares, against a net profit of $360,144, equivalent to 58 cents a share a year ago.

For the nine months ended June 30, this year, however, net income is equivalent to $1.25 a share compared with $1.02 for the first three quarters of the previous year.

It is stated that net income of the Canadian subsidiary, converted at average monthly exchange rates, was about 10% of the consolidated net income for the nine month period. Provision for depreciation was $278,788 in the latest period against $247,288 a year ago.

Consolidated Net Income Account
9 Months Ended June 30

	1940	1939
	$	$
Gross sales	13,921,751	11,771,326
Less: Ret. & allow.	556,140	287,825
Net sales	13,365,611	11,483,501
Less:		
Cost, goods sold	6,406,479	5,427,636
Advert., sell., gen. & admin. exp.	6,037,144	5,290,229
Net oper. inc.	921,988	765,636
Add: Other inc.	53,612	14,753
Gross inc.	975,600	780,389
Less: Inc. deducts.	4,570	14,683
Est. inc. taxes	199,772	139,888
Net income	771,258	625.818

Newsprint Operators State Price Policy

From Our Own Correspondent

MONTREAL — Canadian newsprint companies are following the lead of International Paper Co. in announcing maintenance of their present price schedule until the end of the first quarter of 1941. To this end the St. Maurice Valley Paper Co., affiliates of the Consolidated Paper Corp., and Abitibi Power & Paper Co., have sent out notices to their customers.

Modern Containers Net Up 60% in First Half

Net earnings of Modern Containers Ltd. for the first half of 1940, after depreciation but before income taxes, amounted to $48,416. This compares with $29,307 in the corresponding period of 1939.

A new plant has been erected in Ottawa to house the plastics division. The plant is now in operation and provides for broad expansion of this department, the company states.

Newsprint Scoreboard

(All figures for the 7 months January to July except where noted)

NORTH AMERICAN OUTPUT—TONS

	1940	1939	Increase
Canada	1,974,676	1,368,694	405,982
United States	594,549	546,820	47,729
Newfoundland	200,053	163,909	36,144
Total	2,769,278	2,279,423	489,855

SHIPMENTS—TONS

	1940	1939	Increase
Canada	1,968,428	1,528,081	440,347
Domestic	104,663	107,695	†3,032
United States	1,489,007	1,167,766	321,241
Overseas	374,758	252,620	122,138
United States*	593,608	548,397	45,211
Newfoundland	227,551	126,729	100,822
Domestic	423	363	60
United States	90,157	44,548	45,609
Overseas	136,971	81,818	55,153

*Exports negligible. †Decrease.

U. S. IMPORTS—TONS

From:	1940	1939	Increase
Canada	1,489,007	1,167,766	322,241
Newfoundland	90,157	44,548	45,609
Europe*	28,372	159,387	†131,015

*6 months to June. †Decrease.

U. S. NEWSPRINT CONSUMPTION—TONS

	1940	1939	Increase
7 months to July	2,124,870	1,880,100	244,770

U. S. ADVERTISING LINAGE

	1940	1939	Increase
7 months to July	715,129,528	699,914,322	15,215,206

NEWSPRINT ON HAND—JULY 31

With:	1940	1939	Increase
U. S. publishers (A.N.P.A.)	363,288	296,348	66,940
Canadian mills	175,750	202,051	†26,301
U. S. mills	13,893	17,006	†3,113
Newfoundland mills	47,894	63,591	†15,697

†Decrease.

Note:—Figures used are official and originate with the News Print Service Bureau, Newsprint Association of Canada, American Newspaper Publishers Association, U. S. Department of Commerce and others.

Auto Levies 30% of Provinces' Income

Extent to which automobiles, trucks and buses contribute to provincial revenues in Canada is well illustrated by the tabulation which follows of figures from the Dominion Bureau of Statistics.

In 1939, the nine Canadian provinces received slightly more than 30% of their current revenue from gasoline taxes, automobile, truck and bus licenses, drivers' licenses and other imposts on the legion of motor vehicle users. The motorist appears to be paying a more than ample share of the total cost of maintaining the present Provincial Government set-up.

The gasoline tax is by far the largest single item included in the list of revenues from motor vehicles. Out of the total revenue from this source of $79.9 millions last year, just under $52 millions came from direct gasoline taxes.

British Columbia nips the motor vehicle user for the largest proportion of its current revenues. In this province last year approximately 43% of current revenue came from this one source.

Lowest proportion is taken by Ontario and Nova Scotia with about 27% each. Calculations show that the other provinces obtained the following proportions of their current revenues from motor vehicles: Prince Edward Island, 36%; New Brunswick, 29%; Quebec, 37%; Manitoba, 35%; Saskatchewan, 38%; Alberta, 31%.

The figures shown below for all provinces include revenue obtained in the Yukon although the breakdown in the section is not shown.

This tabulation does not include revenues obtained by municipalities or the Dominion.

REVENUES FROM MOTOR VEHICLES
1939

	All Provinces	P. E. I.	N. S.	N. B.	Que.	Ont.	Man.	Sask.	Alta.	B. C.
Automobiles	14,404,807	99,664	744,514	552,832	3,656,356	4,221,274	722,256	1,008,632	1,381,021	2,016,768
Motor trucks	7,452,488	51,567	514,646	437,546	2,019,342	2,674,138	184,087	376,391	491,794	701,557
Motor buses	234,477	*	*	22,419	85,570	72,264	......	......	54,174	*
Trucks—convertible	7,191	......	*	......	*	7,191	......	......	*	*
Taxi cabs	194,524	......	......	......	189,312	†	......	......	5,212	†
Tractors	1,660	......	......	1,210	*	*	......	100	*	*
Motor cycles	32,732	102	......	......	12,956	*	2,710	3,024	2,854	11,038
Others	33,469	......	28,487	......	*	4,982	......	......	......	......
Trailers	382,501	846	......	4,685	66,676	267,693	10,725	13,424	‡	18,452
Licenses: Chauffeurs	618,820	491	53,210	......	166,960	295,079	26,759	......	22,375	53,946
Drivers	2,027,860	4,096	68,110	107,759	543,475	708,351	107,072	91,927	136,944	260,126
Dealers	141,244	630	8,100	5,430	31,723	23,782	10,793	19,064	25,303	16,419
In transit	8,393	......	......	......	750	7,643	......	......	......	......
Duplicates	17,121	......	......	......	3,617	10,290	......	......	1,216	1,998
Transfer tax	284,878	361	1,899	......	40,992	133,017	37,130	18,009	5,215	48,243
Gasoline station	169,426	353	......	7,425	22,302	34,982	......	71,530	32,834	......
Garage	78,312	6	......	2,087	16,290	48,280	......	......	11,649	......
Fines	123,213	......	16,198	5,734	32,999	68,282	......	......	......	......
Miscellaneous	178,036	726	§50,281	17,600	48,056	16,854	11,080	30,123	1,514	1,432
Total	26,391,152	158,842	1,485,445	1,164,727	6,937,376	8,594,102	1,112,612	1,632,224	2,172,105	3,129,979
Public Service Vehicles:										
Passenger	382,068	395	16,795	9,770	75,551	159,616	21,224	24,391	55,510	18,816
Freight	1,187,912	......	......	700	......	268,388	189,606	281,038	343,388	104,792
Total	1,569,980	395	16,795	10,470	75,551	428,004	210,830	305,429	398,898	123,608
GRAND TOTAL	27,961,132	159,237	1,502,240	1,175,197	7,012,927	9,022,106	1,323,442	1,937,653	2,571,003	3,253,587
Gasoline tax	51,954,360	316,087	2,608,189	1,893,169	9,969,226	25,105,359	2,750,638	2,760,196	3,096,644	3,454,852
ALL REVENUE	79,915,492	475,324	4,110,429	3,068,366	16,982,153	34,127,465	4,074,080	4,697,849	5,667,647	6,708,439

†Included with passenger cars. *Included with trucks.
‡Not registered. §Includes $46,969 transfer fees for current licenses.

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Massey-Harris

Has the war affected Massey-Harris Co. to any extent? What is the position of the bonds?

Massey-Harris is the British Empire's leading maker of farm implements. Approximately one third of its business is done in Canada, another third in the United States and the balance throughout the world, but chiefly in British Empire countries. It is with this export section of the business chief trouble has been found since the outbreak of war. The company has suffered some losses in plants in France and Germany. In Canada and the United States prosperity for this company follows closely with that for the farmer. Outlook in this connection is not too clear as there is only moderate likelihood of higher farm prices, although crops will probably be satisfactory. The company reports an increase of 6% in sales for the first half of the current year without including any former sales to continental Europe. A substantial amount of war orders is being carried out by the company although it is not possible to forecast anything regarding earnings which they might obtain from this source.

Interest on the bonds has been earned by a wide margin during the past three years and will likely continue to be so this year. While these bonds do not rank among the highest grade industrial obligations in this country, they appear reasonably well secured.

Dominion Combing Mills

Have the shares of Dominion Combing Mills any value?

Dominion Combing Mills built a plant at Trenton, Ont. Stock was sold during 1922 to 1924, but the company was never able to operate successfully. By 1927 it was in financial difficulties and F. C. Clarkson, Toronto, was appointed liquidator. The company's assets were sold and creditors were paid about 25 cents on the dollar. There was nothing left for shareholders since creditors did not get payment in full. The plant and equipment of Dominion Combing Mills Ltd. was acquired by Trent Cotton Co., a subsidiary of the Hamilton Cotton Co.

Ford of Canada

Has the war made any important change in Ford of Canada's operations? Is the dividend secure?

Position of Ford Motor Co. of Canada since the outbreak of war has been difficult to appraise. With approximately 50% of its output normally going as exports to British Empire countries, the cutting off of this market would have been a severe blow to the company. Apparently it has been largely compensated so far by heavy orders for mechanical transport vehicles for the army. Canadian automobile companies are exporting large quantities of army trucks to other parts of the Empire and apparently have orders on hand which will assure high rate of operations this year. Ford of Canada's financial position is strong. The current $1 a share annual dividend seems reasonably secure even if earnings do not hold up to last year's level of $1.86 a share.

Hiram Walker

Is Hiram Walker-Gooderham & Worts apparently able to maintain earning power? Has the war caused it any losses?

Hiram Walker-Gooderham & Worts is one of the leading liquor companies in the United States and Canada. By far the largest portion of its total business is done in the former country. Record of earnings since repeal of prohibition in the United States has been good. The six months ended Feb. 29, 1940, showed a net profit of $3.67 a share on the common. This is a slight decrease from the corresponding period a year ago but still indicates for the full year the $4 a share annual dividend will be covered by a good margin. Position of the company's investments in Great Britain is somewhat uncertain at present. Large distilleries owned in that country are not in operation at present because of wartime restrictions.

Canada & Dominion

What is the outlook for 1940 earnings of Canada & Dominion Sugar Co.?

Canada and Dominion Sugar Co. is the largest unit in the sugar industry in Canada. With control of its selling prices and some increases in costs, it has been suggested that earnings during 1940 will be adversely affected. Producers of food products such as this company usually enjoy a relatively stable demand for their products and their earnings record has been very satisfactory. A strong financial position should permit Canada and Dominion Sugar Co. to maintain returns to its shareholders.

Northwestern Utilities

What is the current position of Northwestern Utilities preferred stock?

Dividend requirements on the 6% preferred shares of Northwestern Facilities have been earned by a good margin in the past five years. In 1939 the company earned $24.11 a share on its preferred stock against dividend requirements of $6 a share. This company, which supplies natural gas to Edmonton and adjacent communities, has experienced a steady increase in gas sales and net revenue each year since 1934. Outlook for the company is undoubtedly largely determined by the economic position of the territory in which it serves.

Great Lakes Paper

As a holder of Great Lakes Paper Co. 5% bonds, I would appreciate some word as to the immediate outlook?

Great Lakes Paper Co. should have a record year in 1940. This is premised on the known fact that newsprint companies in Canada are exceedingly active because of the demand from the United States. Last year Great Lakes Paper earned interest on its bonds approximately twice after allowing for depreciation. The bond issue is moderate in size considering the scale of operations carried on. Because of its past history, and that of the newsprint industry generally, however, these bonds hardly rank among top grade Canadian industrial obligations.

Loblaw Groceterias

Is Loblaw Groceterias likely to be able to maintain its position and will the war make much difference to this company?

Loblaw Groceterias is Canada's leading operator of chain food stores. The company operates only in Ontario and its record of steady growth in earnings and volume of sales has been excellent. Annual report for the year ended May, 1940, has not yet been issued. We are informed that the delay has been due to difficulty in ascertaining the effect of new taxation on the company. Subject to this, it appears quite likely that earnings will be larger than the $1.49 a share earned on the stock last year. Better purchasing power because of the increased industrial activity in Canada should be quickly felt by companies selling food supplies such as this one.

B. A. Oil

What is the outlook for B.A. Oil Co. so far as wartime regulations are concerned?

B. A. Oil Co. is a leading unit in the refining and distribution of petroleum products in Canada. Through a subsidiary in the United States, it is also able to produce approximately one half of its crude oil requirements in Canada. Revenues from the production of crude oil in the United States has been substantial in recent years. Outlook for the oil refining industry in Canada is somewhat mixed at present. It has been hinted some measure of control over the importation of petroleum, because of the drain on supply of foreign exchange, would be taken. So far no adverse moves have been made. Because of the great dependence in this country on use of the motor vehicle it is unlikely that very severe measures will be used.

B. A. Oil Co. has been able to earn its $1 a share annual dividend from Canadian operations only by a good margin in recent years. Sales so far this year have been ahead of last year.

MUNICIPAL HONOR ROLL

Five Years of Progress by Local Government

St. Thomas, Ont.

St. Thomas is the fourteenth in a series of municipalities included in The Financial Post Municipal Honor Roll for 1940.

These municipalities are those which are considered to have shown stability over a period of years, or in recent years have made outstanding progress in improving their financial standing. No attempt is being made to run these in sequence of merit or size.

Early in the depression the credit of St. Thomas had fallen to a low ebb. Council was quick in recognizing the danger and proceeded with plans to reorganize the municipality and to modernize records, accounting and collections.

The job is now pretty well completed, and as evidence of the high credit rating the city now enjoys, its latest sale of debentures brought the municipality 99.88% for a 10-year serial issue.

Net debenture debt has been practically cut in half in six years and bank loans were wiped out by 1938. During the same period, current tax collections increased from 77 to 88%, with no year in which total collections did not exceed tax roll.

The city built a new school, collegiate gymnasium, incinerator and extended the storm sewers out of current funds. No debentures had to be issued.

During the five years reviewed in the accompanying table, relief expenses also were met fully out of current revenue.

Statistical Picture

	1939	1938	1937	1936	1935
Population	16,493	16,392	16,248	16,300	16,200
Assessment (taxable: in $000's)	15,216	15,086	15,037	14,983	14,948
Assessment per capita $	923	920	925	901	922
Mill rate	37½	37¾	39	40¾	41¼
Tax collections:					
Current collections to curr. levy %	88.2	86.0	84.5	83.0	82.1
Current & arrears to curr. levy %	111.7	104.3	108.1	102.7	102.0
Gross deb. debt (in $000's)	896	1,044	1,022	1,175	1,364
Less: Sinking fund (in $000's)	22	28	36	nil	39
Net deb. debt (in $000's)	874	1,016	986	1,175	1,325
Net deb. debt per capita $	52.98	62.00	60.67	72.08	81.81
Other liabilities	35,947	62,005	205,400	285,213	306,744
Relief expenses funded $	nil	nil	nil	nil	nil
Relief met out of curr. rev.	21,187	26,309	20,251	36,840	46,439

Last Debentures Sold

$51,000 3% 10-year serial; sold to Wood, Gundy & Co. at 99.88. Purpose of issue—Nurses' Home, Memorial Hospital.

Clyde Aircraft Starts Operation

Collingwood Plant Used to Make Lathe Parts By New Concern

Clyde Aircraft Manufacturing Co. has been incorporated with an Ontario charter and is already operating in a former steel plant at Collingwood, Ont., which it owns. The firm is engaged in producing lathe parts for machining shells, the Financial Post is told. The company is also said preparing to handle orders which it hopes to obtain for aircraft parts.

Capital consists of 500,000 authorized shares of no par value, of which 63,000 have been issued. Outstanding stock has been taken up by officers of the company and one or two others. No public issue of stock is planned. Although this is not at present regarded as necessary, it is recognized that substantial plant expansion might make it necessary to appeal to the public for funds.

T. H. C. Alison, until recently representative of the John E. Livingstone Machinery Co., Toronto, is president. Vice-president is W. E. Gorman, head of the Gorman Engineering Co., Toronto, a machinery and tool concern. Secretary-treasurer is J. H. Ferguson, manager of the bond department of J. P. Cannon & Co., Toronto. Only other director at present is L. N. Hart, Toronto. J. D. M. Gray is general manager of Clyde Aircraft.

BELL ISSUES SHARES

MONTREAL. — The Bell Telephone Co. has advised the Montreal Stock Exchange that 1,237 additional shares of its capital stock have been issued under the employees' stock plan.

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Fund Hits a Pitfall of Patriotism

Mayor of Toronto Project Still Far From Million Dollar Goal

The pitfalls of overzealous, misdirected and loosely planned efforts to aid Canada's war effort, especially in a sphere properly that of the Government alone, appear demonstrated by the relatively small response to the Mayor of Toronto War Fund. Declared hope of some civic officials of raising up to $1 million has in two months materialized to the extent of little more than $50,000.

One of the chief drawbacks of the fund, and one that appears to have curbed donations, is that its object overlaps in a general way the Government job of procuring war equipment.

Obviously such operations must be closely controlled and co-ordinated by a single agency, and only confusion would result from efforts by other agencies to parallel Government financing and buying. Independent attempts by more than one body to raise money and buy the same type of equipment, such as planes or tanks, would bring chaos.

Some such confusion seems to have been created, certainly in the minds of potential subscribers, by the announced general aim of the fund to raise funds for purchase of essential war equipment. Particularly after advent of the budget with its heavier taxes to carry an expanded war effort, public feeling seems to have been that the Toronto fund was duplicating the Government programme.

Confusion as to Purpose

This feeling applied not only to the raising of money, but to the indicated intention to use it for direct purchase of equipment. Actually, it is planned to use the money raised to pay for specific equipment already ordered from Ottawa. In effect it will be a gift to the Government to aid financing of the war effort, earmarked for a particular purpose.

But the officially stated purpose of the fund made it appear that it would be a duplicate, supplementary project on a smaller scale to buy implements of war in addition to what the Government might order.

Officially under way since early in June, the fund was formally established by the City of Toronto administration with approval of the city council. It has the benefit not only of civic sponsorship and management, but also of a variety of freely donated aid. This has included free radio time, services of a publicity counsel, auditing by a prominent firm of accountants, and provision of billboards, posters and mailing matter.

The official record of the fund set up by the Toronto board of control (civic executive body) and approved by the city council, sets no specific objective of the amount to be raised. However, it states the purpose as being for "the purchase of essential war equipment, primarily aircraft bombers, tanks, etc." (Note the plural!)

Million Dollar Goal

At the same time, newspaper reports of preliminary plans to set up the fund, and public statements by members of the board of control, suggested that $1 million could likely be raised in this manner. While this figure was not set as either the official or tentative objective, civic officials certainly voiced expectation it would reach that much, and it became fixed in the local public's mind as the goal of the fund.

Up to the middle of this week, gross receipts were about $55,000. Of this, actual cash donations amount to about $40,561. The remainder consists of pledged contributions to be deducted from pay of city employees over a period of six months, and expected to net from $10,000 to $12,000. The police department is also contributing, to extent of several thousand dollars.

Limited Response

The gross is scarcely sufficient to buy one bombing plane, even of the light or training type, let alone several. It will certainly not carry out the city fathers' hopes of buying "bombers, tanks, etc." It might possibly be used to buy one or two fighting or training craft, or several tanks, with perhaps a small surplus for less expensive equipment.

It might be argued, of course, that $55,000 is not to be sneezed at and is a fairly creditable amount to raise by voluntary subscription for such purposes.

Adverse Factors

However, overenthusiastic and premature pronouncements in launching the fund were only one of a variety of factors which contributed to the disappointing results. Precipitous private zeal to accelerate Canada's war effort, born of public agitation at the time of the Dunkirk evacuation, appears to have been a primary factor in the campaign failing to go over.

As far as can be learned, the fund was first proposed at the time of Dunkirk, when Allied reverses and lack of equipment stirred a public outcry for an "all out" Canadian contribution to turn the tide of battle. Egged on by letters of citizens, many of which suggested a civic fund and pledged donations, the Toronto officials seized on the scheme apparently with a threefold objective: Satisfy public clamor for action; make a direct contribution of war equipment; prod the Government into going full speed ahead with war plans. Publicity for the fund would, of course, not fail to shed some light on its city management, and presumably win approbation of citizens.

Started June 6

Preliminary discussion with the Government proceeded the last week in May and the first week in June. Definite action to establish the fund was taken by the board of control June 6; ratified by city council June 10. The board's report asking council's approval read as follows:

"During the period of the most recent crisis, the Board have considered various proposals with regard to the establishment by the City of a fund, to be raised by voluntary subscriptions, for the purchase of essential war equipment, primarily aircraft bombers, tanks, etc. Having been advised that such material could be purchased, the board decided to establish a fund for this purpose to be known as 'The Mayor of Toronto War Fund,' to which proposal the proper authorities of the Dominion Government have accorded their approval.

"The purposes of the aforesaid fund will in no way conflict with, but will be supplementary to any effort of the Federal Government in the production or purchase of war supplies."

The board of control was appointed trustee for the fund, with authority to invite voluntary assistance of citizens. The Finance Commissioner was made treasurer of the fund, and all clerical and other work was to be done by civic officials and staff without cost to the fund. Funds were to be used for purchase of equipment and materials "for immediate delivery overseas, such purchases to be made either in Canada or the United States."

Alternatives Ignored

Little or no consideration was given, as far as can be learned, to alternative purposes for which the fund might be raised or spent. Care of refugees, equipping a hospital unit, buying ambulances, or providing comforts and recreation for the troops were suggestions made later, but, by that time, large sums had been received for the stated purpose of the fund, and it was felt they could not be diverted.

In the case of the Toronto fund it seems to have been the original hope to have purchases, payments and deliveries made directly as between the city and producing companies. Government spokesmen are understood to have suggested that any money raised be turned instead into the Dominion consolidated revenue fund. Suitable acknowledgment would be made of receipt of such funds for specified purposes, and effort made to designate particular pieces of equipment as having been contributed by the City of Toronto.

The actual arrangement understood to have been made is somewhat of a compromise. The city officials will arrange to pay directly for a unit or units of equipment already embraced by Government orders, and some method of designating such unit or units will be made.

Question in many minds as to whether the city should overlap Ottawa's procurement of war equipments seems to have been an initial handicap and to have held back many subscriptions. At the same time, the unplanned and hasty advance publicity on the fund left the impression in some quarters that the appeal was designed at least partly to put the Government "on the spot," and to boost the political stock of city officials.

Handicaps Increase

Such handicaps and adverse factors multiplied in rapid succession almost from the time the fund was officially established. At the outset there was lack of aggressive centralized direction of the appeal for subscriptions, and lack of planned, coordinated publicity. This was later remedied to some exent, but not in time to offset more than partially the unfavorable impression created by a lagging effort.

In addition, certain curbs were imposed on the scope of the publicity undertaken, in compliance, it is understood, with official rulings from Ottawa. Reports and appeals about the fund had to omit mention of the specific type or types of war equipment to be bought, and refrain from soliciting donations from U. S. citizens. The ban on direct appeals to U. S. citizens presumably was to preserve international niceties and avoid stirring up criticism in the U. S.

It is understood military authorities were sharply opposed to a fund which implied dire lack of equipment, arguing that it was prejudicial to morale to call attention to the shortage.

Censor's Order

The omission of any statement that the specific purposes of the fund, was for the purchase of $1 million worth of tanks was requested by the press censor's office in Ottawa.

Net effect of the order was to leave many potential subscribers to the fund rather vague as to the specific object of the fund, and consequently unwilling to contribute.

Even when organized publicity got under way, other factors had arisen to hobble the fund. The Government had broadened and speeded its war effort, the crisis abroad had abated, public opinion here had become less agitated, and the demand for efforts such as the Toronto fund had fallen to low ebb.

The fund was showing some sign of gathering a little headway when the Dominion budget with its heavy income and other taxes was brought down. Donations to the fund dropped sharply the following day and have remained of modest proportions ever since. Original hope of the fund sponsors of getting income tax exemptions on contributions to the fund failed to materialize, and with the higher taxes many who might have subscribed had to cut down all outlays of this sort.

National Grocers Holds Operations Well Up

To date in the year which began April 1, National Grocers Co. has found business at least as good as a year ago. In view of continuing uncertainty as to effect of new taxes and because of general wartime conditions, however, directors have decided against payment of a common dividend.

At the last annual meeting the question of a common dividend was discussed and Archie Foster, chairman and president, told shareholders that it would be taken up by directors.

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Municipal Bonds
Public Utility
and
Industrial Financing

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LONDON, CANADA
Established 1870

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Capital (Fully Paid), $2,000,000 Reserve Fund, $2,400,000

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THE WEEK'S QUOTATIONS

Toronto and Montreal Exchange

The following table is confined to official prices for listed stocks, including curb market quotations. Where no transaction is recorded, bid and asked prices are given. For unlisted stocks, quotations by unlisted dealers are published. The Financial Post cannot accept any responsibility for such quotations.

WEEK ENDING AUGUST 19

Range 1940 High	Low	Div R'te $	Aug17 Y'ld %		Sales	Last Aug. 12	Week end. Aug. 19 H	L	Cl'se
2.50	.50	*	...	Abitibi	625	.85	.80	.75	.75
27½	2½	*	...	Do. pref. 6%	620	4½	4	3½	3½
33	5½	*	...	Do. pref. 7%	15	10	8	8	8
6	3	*	...	Acme Glove	....	(3 bid — asked)			
57	50	6.50	...	Do. pref.	....	(— bid 49 asked)			
12½	9	80+20c	10	Agnew Surp.	....	(10 bid — asked)			
110	105	7	6.4	Do. pref.	....	(— bid 107 asked)			
3.00	.75	*	...	Alta. Pac. Gr.	150	1.00	1.00	1.00	1.00
36	20	*	...	Do. pref.	85	28	27	25	25
16⅜	7	*	...	Algoma Steel	390	9	8½	8	8
100	8½	$2.50	..	Do. pref.	....	(76 bid — asked)			

A

B

C

D, E

F, G

H I

J, K, L

M

N, O

P, Q, R

S

T, U, V

W, Y, Z

*On account of arrears. ‡New York quotations. §Plus extra of $2 paid Feb. 1, 1940. *Participating. †Interim. ‡Paid or declared payable in 1940 to date. *1938.

P, Q, R

Par Val.	Range 1940 High	Low	Company	Sales	Close Aug. 12 (or last)	High for week	Low for week	Close Aug. 19
No	2.35	.78	Palmour	425	1.00	.80	.80	.85
1	.10½	.02	Pandora	5,000	.05	.05	.04½	.04½
1	2.65	1.40	Pato Cons. G.	250	2.00	2.00	2.00	2.00
1	.10	.02	Partanen Mal.	......	(.03 bid .04 asked)			
1	.02	.00½	Pawnee Kirk.	......	(.00½ bid .01 asked)			
1	.53	.20	Paymaster	11,350	.23	.23	.21	.22
1	2.35	.90	Pend Oreille	1,450	1.15	1.16	1.12	1.16
1	2.12	1.01	Perron Gold	7,750	1.45	1.50	1.40	1.46
1	4.30	2.12	Pickle Crow	2,875	2.53	2.50	2.41	2.50
1	2.35	1.45	Pioneer Gold B.C.	200	1.90	1.97	1.97	1.97
1	14.50	9.00	Placer Devel.	......	(10.00 bid .... asked)			
1	2.18	.55	Powell Rouyn	2,400	.65	.65	.65	.65
1	1.42	.68	Premier Gold	1,900	.75	.80	.75	.80
1	2.40	1.30	Preston E. Dome	12,055	1.66	1.68	1.55	1.67
No	.35	.23	Prospectors Air's	......	(.15 bid .20 asked)			
1	.42	.20	Quebec Gold	1,500	.25	.20	.20	.20
No	.08	.02	Quemont	......	(.03 bid .07 asked)			

S, T, U, V, W, Y

Mining Stocks

Week Ending Aug. 19, 1940

A

B

C

D, E

F, G

H, I, J

K, L

M

N, O

Oil Stocks

Vancouver Stocks

Oil Quotations

Par Val.	Range 1940 High	Low	Company	Sales	Close Aug. 12 (or last)	High for week	Low for week	Close Aug. 19
No	.03	.01½	Madison	......	(.01½ bid .... asked)			
No	.04½	.00⅜	Marjon Oil	......	(.01½ bid .01½ asked)			
No	.15	.06	McD. Segur Ex.	......	(.06 bid .... asked)			
1	.08	.05	McLeod	......	(.05 Mar. 4)			
No	.07½	.03	Mercury	......	(.03½ bid .... asked)			
No	.07½	.04	Mill City Oil	11,000	.04½	.04½	.04	.04½
1	.31	.12	Model	......	(.18 July 30)			
25c.	.08½	.04	Monarch Royal	......	(.05½ bid .06 asked)			
25c.	.21	.05	National Pete	......	(.... bid .05 asked)			
1	.05	.04	Nordon	......	(.04 Apr. 20)			
No	1.31	.58	Okalta	400	.70	.70	.65	.65
No	.05½	.03	Pacalta Oil	......	(.... bid .05 asked)			
1	.42	.19	Pacific Petroleums	1,170	.23	.24	.20	.23
25c.	.25	.12	Prairie Royal	1,000	.13	.13	.13	.13
No	.10½	.06	Royal Crest	......	(.07½ bid .... asked)			
No	36.00	15.00	Royalite	13	22.50	22.50	20.50	20.50
No	.19½	.12	Royal Canadian	5,350	.12½	.12½	.12	.12½
No	.07½	.03	South End	......	(.... bid .02 asked)			
No	.60	.21	Southwest Pete	......	(.20 bid .28 asked)			
1	.06	.05	Spooner	......	(.02 bid .... asked)			
25c.	.38	.18½	Sunset Oil	......	(.... bid .24 asked)			
No	.09	.03½	United	1,000	.05	.04½	.04½	.04½
No	.67	.03½	Vanalta	......	(.03 bid .... asked)			
1	.63	.23	Vulcan	200	.26	.25	.25	.25
No	.05	.03	West Flank	......	(.05 May 11)			

* 1939 Quotations

Winnipeg Stocks

(Transactions from Aug. 12 to Aug. 17)

	Sales	High for period	Low for period	Close Aug. 17
Albany River	1,000	.08	.08	.08
Arrow Oil	2,300	.23½	.23½	.23½
Beresford Lake	4,500	.02½	.02	.02½
Berens River	100	1.00	1.00	1.00
Shenango	1,000	.02½	.02½	.02½
Sovereign Life	10	12.00	12.00	12.00
United Grain	20	7.00	7.00	7.00
Western Steel	70	7.00	7.00	7.00
Wingold	5,000	.05	.05	.05

Stocks Not Traded in During Week*

	Bid	Asked
Beaver Fire	75	..
Beav. Lumber, c.	..	4
Do., pref.	102	..
Can. Airways	1	..
Can. Indemnity	120	..
Dom. Envelope, c	..	7½
Do., pref.	88	..
Federal Grain, p.	27	..
Federal Grain, c.	¾	1¼
Home Invest.	13	..
Nor. C. Mtge., p.	5	..
Nor. Mtge. pt. pd.	1¼	..
Nor. Trusts	..	6
Traders Bldg.	40	..
West. Brew.	1.40	..
West. Grain, p.	5	6¾

*Stocks more active on other exchanges not included.

Volume of Stock Sales

	Montreal Markets Indust.	Montreal Markets Mines	Toronto Markets Ind. & Mines	Vancouver Markets Ind. & Mines
Aug. 20	5,200	1,400	78,000	......
Aug. 19	4,600	1,300	65,000	7,350
Aug. 17	2,100	8,300	37,000	8,035
Aug. 16	5,900	3,200	59,000	21,575
Aug. 15	4,200	6,500	64,000	9,829
Aug. 14	8,500	4,400	80,000	7,402

Government Bonds

(Supplied by Investment Dealers' Assoc. of Canada)

Dominion of Canada Bonds
Aug. 21, 1940

%	Due	Bid	Ask.	Approx. Yld.
4½	Sept. '40	100	100⅛	...
1	Mar. '41	99⅞	100⅛	.49
5	Nov. '41	104⅛	104⅜	1.16
1½	May '42	100	100½	1.21
2	June '42	100⅞	101¼	1.29
3	Oct. '42	102⅞	103¼	1.54
2½	June '43	101⅞	102½	1.58
5	Oct. '43	108⅞	109¼	1.90
2	June '44	99⅞	100½	1.86
a2½	Jan. '44	85	87½‡	6.46
4½	Oct. '44	108½	109	2.22
2½	Nov. '44	101½	102¼	1.95
a2½	Aug. '45	82⅞	84½‡	6.08
4	Oct. '45	105½	106	b2.03
4½	Feb. '46	109½	110	2.54
3½	June '49	101⅞	102½	b2.78
3½	Oct. '49	102½	103	b2.74
3½	Nov. '51	99⅞	100⅞	b3.16
3½	Feb. '52	99⅞	100½	b3.18
a5	May '52	93⅞	95½‡	5.55
4	Oct. '52	104½	105	b3.22
3	June '55	97	97⅞	3.19
4½	Nov. '56	106⅞	107½	b3.17
4½	Nov. '57	107½	108	b3.25
3	June '58	96½	97½	3.20
4½	Nov. '58	107⅞	108½	b3.31
4½	Nov. '59	108½	109½	b3.33
a4	Oct. '60	82½	84½‡	5.24
a3½	Jan. '61	75	77‡	5.07
3½	June '66	98½	99½	3.29
a3e	Jan. '67	71⅞	74½‡	4.71
a3e	Nov. '68	71⅞	74½‡	4.64
†3	Perpet'l.	88⅞	89½	3.35
Dominion Guarant'd Bonds				
Can. Nat'l. Railways:				
2	Feb. '43	100½	101	1.59
2½	Jan. '46	99	99⅞	2.30
3	May '44	103	103⅞	1.95
3	Dec. '50	97½	98½	3.20
3	Feb. '53	96½	97½	3.27
3	Jan. '59	95½	96	3.29
*4½	Sept. '51	111½	112½	3.19
*4½	Feb. '56	111⅞	112⅞	3.43

%	Due	Bid	Ask.	Approx. Yld.
4½	July '57	112	113	3.48
*4½	June '55	114	115	3.46
5	Feb. '54	114⅞	115⅞	3.53
*5	July '69	111⅞	112⅞	b2.74
*5	Oct. '69	115½	116½	b3.33
*5	Feb. '70	115½	116½	b3.41
Grand Trunk Pacific Rly.:				
3	Jan. '62	96	97	3.19
Provincial Gov't. Bonds				
New Brunswick:				
3	Oct. '51	82	85	4.70
3½	Aug. '49	85	88	4.91
3½	June '56	83½	85½	4.81
c4	Nov. '47	93	96	4.65
c4½	Apr. '61	95	97	4.80
c5	Jan. '60	98	101	4.92
Nova Scotia:				
3	Jan. '52	90½	92	3.87
3½	June '56	90½	92	3.93
3½	Nov. '50	95	96½	3.91
c4½	Sept. '52	103½	105½	b3.61
c4½	Nov. '60	103½	105½	4.10
c5	Mar. '60	108	111	4.17
Ontario:				
2½	May '45	99	100	2.50
3	Apr. '48	97½	98½	3.22
3	Nov. '50	96½	97½	3.29
3½	Nov. '51	98½	99½	3.30
3½	May '55	97½	98½	3.38
*4	June '62	103	104½	3.70
4½	June '50	108½	109½	3.35
*4½	Jan. '62	108	110	3.82
5	Oct. '48	110½	111½	3.39
*5	Dec. '60	116½	119	3.67
5½	July '46	110½	111½	3.34
Ont. Hydro Commission:				
3	Aug. '48	97½	98½	3.25
3½	Feb. '53	98½	99½	3.32
3½	Apr. '47	100⅞	101⅞	3.20
Prince Edward Island:				
3	Oct. '45	92	95	4.08
Quebec:				
3	Nov. '47	84	95	3.78
3½	Mar. '48	95	96	3.86

%	Due	Bid	Ask.	Approx. Yld.
3½	Mar. '54	91½	92½	[illegible]
3½	Mar. '59	91	92½	[illegible]
4	Mar. '52	98½	100½	[illegible]
4½	Aug. '58	100	101½	[illegible]
4½	Jan. '63	102	104	[illegible]
Alberta:				
4	Dec. '54	52	56	d
4½	Oct. '51	59	..	d
c4½	Oct. '56	54	58	d
*5	Oct. '59	55	59	d
c5½	Apr. '52	61	65	d
6	Mar. '47	63	68	d
British Columbia:				
c4	Dec. '57	93	97	[illegible]
*4½	Jan. '51	97	101	[illegible]
c4½	Oct. '53	97	101	[illegible]
c5	Apr. '54	102	106	[illegible]
5½	Feb. '45	101	105	[illegible]
6	Feb. '47	103	107	[illegible]
Manitoba:				
c4	Dec. '57	85	89	[illegible]
c4½	Dec. '56	87½	91½	[illegible]
*5	Dec. '59	91	95	[illegible]
5½	Oct. '55	92½	96½	[illegible]
6	Apr. '47	98	102	[illegible]
Saskatchewan:				
4	Sept. '54	70	74	[illegible]
4	Nov. '60	69	73	[illegible]
c4½	Oct. '51	82	86	[illegible]
c4½	Mar. '60	72½	76½	[illegible]
5	Aug. '58	70	80	[illegible]
5½	Oct. '52	81	85	[illegible]
6	Mar. '52	84	88	[illegible]

*Payable Can., N.Y. and £. b—Calculated to call date giving lowest possible yield. c—Payable Can. & N.Y. ‡—Payable N.Y. †—Callable on or after Sept. 15, 1966. d—Traded flat. Interest being paid at 50% of coupon rate, minimum rate 2%. e—Callable at a premium. ‡—N.Y. funds.

Unlisted Stocks

(Furnished by A. J. Pattison Jr. & Co., Toronto)

August 20, 1940

Industrials	Bid	Ask.
Acme Farm, D.	18	22
Andian National	28	30
Anglo C. Tel., A	7⅞	8½
Atlas Steel	13½	..
Barrymore, pfd.	24	..
Blue T. Brew, B	3½	5
B. C. Pulp, c	12	15
Do., pfd.	40	50
B. C. Sugar	75	78
Burns & Co., A	4½	5
Do., B	2⅞	3⅞
Can. G'rich, C.	1½	..
C. I. L., A c	185	195
Can. Ing. Rand	68	73
Can. Tube, 1st p	66	75
Chase, A. W., p.	17½	20
Claude Neon, p.	5⅞	7
Colonial Steam.	13	15
Cope, Flour Unit	13	18
Dom. Manuf., p.	61	65
Dunlop T., p $25	22½	23½
Easy Wash, p $10	7½	9
Goderich Elev.	7	8
Guard. Realty p	16½	20½
Guelph Carp., p	97½	102
Do., com.	16	19
Gurney Fdry.	1⅞	1½
Hayes Steel, c.	9	10
Hi'land Dairy, p	45	52½
Inglis, John, c.	4	7
Ingram & Bell	21½	25
Kingston Sh. Un.	21	24
Loblaw Inc., c.	11⅞	12⅞
Maritime Tel., c	13	..
Morr'son Br, Un	6	8
M'row Screw, p	96½	..

	Bid	Ask.
Do., com.	8	..
Neilson, Wm., c	9	..
Do., pfd.	100	..
N. B. Tel., c.	12	14
N. Meth. Ldy., p	..	58
Office Spec., pf.	65	..
Paterson, Wm, p	100	..
Prov. Paper, p.	99	102
Rob'tson, P L, p	94	..
Rob. Cons. Cone	5½	7
Ruddy, E. L., p.	23	27
Seal O Sac (Can.)	1	2
Stand. Fuel, pf.	50	58
Stedman, pf $50	55	58
Tor. Carpet, c	30	35
Do., pfd.	59	62
Un. F. Co-op.	2	3
Un. Steel, A pf.	21	23
Viceroy p & rts	25	..
Trusts & Loan Stocks:		
Brit. Mtge.	125	..
Capital Trust	25	30
Com. Fin., c.	2½	3½
Grey & B Tr $50	42½	46
Guaranty Trust.	95	100
Guelph & C, $50	50	55
Lambton Loan.	31½	34½
London & West	35	40
Sherbrooke Tr.	120	..
Sterling Trust	55	..
Traders Fin A c	8½	11
Do., A pfd.	76	81
Trusts & Guar.	24½	26½
Victoria Trust	70	80
Insurance Stocks:		
Brit. Amer.	52	57
Canada Life	417	445

	Bid	Ask.
Confed. 30% pd.	130	140
Crown, fully pd	240	280
Dominion Fire	130	..
D. of Can. Gen.	100	112
Empire 25% pd.	5	7
Excelsior 36% pd	57	62
Federal 25% pd.	50	..
Great-West Life	205	225
Imperial Life	285	300
Manuf. Life	220	245
Sov. L. 25% pd.	12	14
Sun Life	275	325
Tor. General	5	5½
Wellington Fire	58	..
Western Assce.	41	44½
Do., pref.	40	43
Theatre Stocks:		
Allens, King., p	62	62½
Do., Lond., p.	53½	56
Do., St. Cath., p	52	55
Do., Tor., p.	30	35
Mansf. Theat, p	27	31
Para, Kitch., p.	50	56
Do, Oshawa c	9	11
Investment Trust Shares:		
Can. Investors	4	5
Deb. & Sec., pf.	60	..
Sec's. Hold., pf.	17	22
United Corp., A	17	20
Do., B	4½	5½
Power Issues:		
Can. W. N. Gas	24	..
Do., pfd.	96	99
Gt. Lakes Pr., p	98	102
Mtl. Is. Pwr., p.	17½	20
Nor. Ont. Pr., p.	88	92

Unlisted Mines

Toronto, Aug. 20, 1940

	Bid	Ask
Acordia	.25	.27
Addington	.01½	.02½
Albany R	.07½	.09
Amal Kir	.04	.05½
Anoki	.06½	.08
Arjon	.01½	.02½
Armistice	.01½	.02½
Argosy	.03⅞	.04½
Area	.03	.03⅞
Arno	..	.01½
Athona (Old)	.01	.02
(New)	.01½	.02½
Barb Lard	.01½	.02½
Bilmac	.00⅞	.01⅞
Buff Bear	.01	.02
Calder Bo	.01½	.03
Central M	.02	.03
Cheminis	.01½	.02½
Coin Lake	.02	.03
Cons Chib	.02	.03
Crescent	.00⅞	.01½
Dayton	.01½	.02½
Demp Cad	.00⅞	.01½
Desants n	.08½	.10½
Dona Pat	.02½	.03½
E Lacoma	.00½	.01

	Bid	Ask
Elmos	.05	.08
Franco	..	.28
Galore	.02½	.03
Gate Pat	.00½	.01
Gilbec	.00½	.01
Gordon Lb	.01	.01½
Hiawatha	.05	.08
Hoyle nw	.15	.16½
Hugh PaP	.02	.02½
Hutch Lke	.02	.02⅞
Jolliette	.01½	.02½
Keora	..	.01½
Kenricia	.02	.02⅞
Kewaga'a	..	.01½
Kiena	.06½	.08
Kirk Gate	.01	.02
Lacoma	.00⅞	.01½
Lake Duf	.16	.18
Lake Gen	.03	.07
Lw Pete	.15	.20
Magnet C	.61	.65
Magnet L	.12	.14
Magwell	.02	.04
Martin Br	.02½	.03½
Margaret	.06	.07
Mata Cana	.02	.05
Mof Hl n	..	.02

	Bid	Ask
Mooshla	.01½	.02½
Monarch	.01	.02
Mosher	.05½	.06½
Nat Mal	.26	.28
Negus	.45	.55
New Roy	..	.01
Nickel O	.75	..
Norbeau	.10	.15
Norlake	.01	.02
N. A. Moly'm	..	.17
Norwin	.04	.08
Oklend	.04	.05
O'Leary	.01½	.02
Opemiska	.01½	.03½
Oriole	.01	.01⅞
Orpit	.01	.02
Ossian	.01	.02
Pacsack	..	.06
Pascalis	.22	.26
Phoenix	.02	.03
Pontiac R (Old)	.02	.04
Pelangio	.01½	.02
Polaris	.17	.22
Propri'y	1.40	..

	Bid	Ask
Presdor	.01½	.02½
Queb Man	.05½	.07
Rahn Lke	.05½	.06⅞
Rand Mal	.07	.09
Red Lake	.01½	.02
Sachigo	1.25	2.00
Senore	.09	.10
Shenango	.02½	.03
Sheldon	.03½	.05
Siscoe Ex	.01½	.02½
Skynner	.02	.03
Smelters G	.00½	.01
Spooner	.02½	.03
Sunbeam	.03	.05
Springer	.03½	.04½
Stadacona	.05½	.07
Thomson	.10	.13
Thomp Cd	.03	.05
Treaty P	..	.22
Union Min	.03½	.04½
Wasu	.04	.06
West Red	.01½	.02½
Winoga cum rts	.02	.03
Woco	.03	.05
Y David'n	.17	.20

Montreal, August 20, 1940

	Bid	Ask
Cad Exp	.02	.04
Chibmac	..	.02
C Pand'ra	..	.02
Cournor	.07	.10
Dubisson	.07	.10
L Rowan	.02	.03
Obalski	.03	.04
Pan Can	.02½	.04
Scott Ch	.01	.02
Westwd C	.01	.01½

Corporation Bonds

(Supplied by Investment Dealers' Association of Canada)

Aug. 20, 1940

Public Utility Issues:	Int. Rate %	Due	Bid Aug. 20	Asked Aug. 20	Bid Aug. 13
†Assoc. Tel. & T.	5½	'55	72	75	72
B. C. Power	4½	'60	95	98	95
B. C. Tel.	4½	'61	101	..	101½
†Calgary Pwr.	5	'60	104	..	103
Do.	5	'64	101	104	100
†Can. Nor. Pwr.	5	'53	104½	107½	105
*Dom. Gas & El.	6½	'45	96½	..	96
Gatineau Pwr.	5	'49	101	104	100½
Do., B.	3⅞	'69	95½	98½	95
Gt. Lakes Pwr.	4½	'56	95	98	94½
*Int. Hydro-E.	6	'44	69	72	70½
▲Inter. Power	6	'55	100	..	99½
Macl'n-Que. Pr.	4	'59	92	95	91
Mtl. L. H. & P.	3½	'56	97½	100½	96½
Do.	3½	'73	92½	95½	92½
†Mtl. Tramways	5	'41	88½	91½	89
†Do.	5	'55	58	61	58½
Nat. Lt. & Pwr.	6	'49	95	99	94
N. S. Lt. Pr.	4	'57	97½	100½	97
Ottawa H. & P.	4	'57	98	101	97
Ottawa V. Pwr.	5	'59	101½	104½	101
†Power Corp.	4½	'59	97½	100½	97½
Quebec Pwr.	4	'62	97	100	96½
*Saguenay P., A.	4½	'66	103	..	103
♦Do., B.	4½	'66	101½	..	101½
Shaw. W. & P.	4	'61	98½	101½	98
Union Gas	4½	'50	100	..	100
United Secs.	5½	'52	55½	58½	55
Wpg. El., ser. A	4	'65	68½	71½	68½
Industrial and Realty Issues:					
†Abitibi P. & P.	5	'53	55½	58½	56
Acadia Sugar	4½	'55	98	..	97½
†Alta. Pa. Grain	6	'46	94½	..	93½
Atlantic Sugar	4	'51	98	..	97½
†B. C. P. & Pap.	6	'50	79½	82½	79
*Brown Co.	5½	'46	41½	44½	43
Burns & Co.	5	'58	59½	62½	59
Canada Bread	6	'41	99	..	99
Canada Cement	4½	'51	101	..	101
Can. Paper	4½	'52	98	..	98
Can. Steamship	5	'57	93	96	91½
Can. Canners	4	'51	99½	102½	99
*Can. Int. Paper	6	'49	98½	101½	97½
C. P. R.	3½	'51	85	88	84
Do.	4	'49	89	92	88
Do.	4½	'44	93½	96½	93½
Do.	6	'42	102	105	101½
†Consol. Paper	5½	'61	59½	62½	59
Dom. Coal	4½	'52	99	102	98½
Dom. Stl. & Co.	6½	'55	102	105	101½
Dom. Tar	4½	'51	98½	101½	97½
†Donnacona P.	4½	'56	76½	79½	75½
Famous Players	4½	'51	97½	100½	97½
†Federal Grain	6	'49	95	..	94½
†Fraser Cos.	6	'50	94	97	93½
Gen. Stl. Wares	4½	'52	96½	99½	96
*Great L. Paper	5	'55	87½	90½	87
†Gypsum, Lime	5½	'48	88½	91½	87½
Ham. By-Pr. C.	5	'55	99½	102½	99½
Inter.-City Bak.	5½	'48	100	..	100
*Inter. P., Nfld.	4½	'68	89	93	87
Lake St. J. P.	5½	'61	86	89	86
Maple Leaf M.	3	'58	65½	68½	66
Massey-Harris	4½	'54	85½	88½	85
McColl-Fron.	4½	'49	99	..	99
McCormick's	4	'52	91½	94½	90
*M. & O. Paper	6	'45	40½	43½	42
Nat. Grocers	4	'47	100	..	99½
N. S. Stl. & Co.	3½	'63	79½	82½	77½
Price Bros.	5	'57	93½	96½	93½
*Prov. Paper	5½	'47	102	..	102
Reliance Grain	4½	'52	93	..	92
†Restigouche Co.	6	'48	93	96	92
Rolland Paper	4½	'51	101	..	100½
Simpson's Ltd.	4½	'51	99	102	98½
Smith, Howard	4½	'51	101	..	100½
*United Gas	5½	'48	102	105	102
United Gr. Grs.	5	'48	93	..	90
†Western Grain	6	'49	38	41	37

*Payable in Canada, or U. S.
†Payable in Can., U. S., or U. K.
▲Payable in Can. or U. K.
*Payable in U. S. only.
♦Payable in Canada only.

Municipal Bonds

Aug. 20, 1940

†Halifax	5	1961	103.00	108.00	4.41
Hamilton	5	1950	110.25	112.75	3.45
Montreal	5	1945	90.00	93.00	6.83
Ottawa	4½	1945	104.10	106.10	3.15
†Quebec	5	1959	102.50	106.50	4.49
Saint John	5	1950	100.00	104.00	4.52
†Toronto	4½	1955	107.50	110.00	3.61
†Vancouver	5	1950	94.00	98.00	5.27
Winnipeg	5	1944	97.00	101.00	4.69

†Payable Can. and N.Y.

Mining Dividends

	Rate	Close Aug. 19	Yield %
Beattie Gold	‡12c	.85	..
Bralorne	80c+40c	9.00	*13.3
Buffalo Ankerite	‡31c	3.00	..
Bulolo Gold	$3	13.50	22
Can. Malartic	‡6c	.40	..
Cariboo Gold	16c+6c	1.95	*11.3
Central Patricia	16c+6c	1.63	*13.5
Coniagas	‡25c	1.30	..
Coniaurum	16c	1.11	14.4
Cons. Smelters	$1+$1	33.00	*6.1
Delnite	†3c	.50	..
Dome Mines	$2	19.75	10.1
East Malartic	‡20c	2.85	..
God's Lake	2½c	.28	..
Gold Belt	†2c	.26½	..
Gunnar Gold	6c	.36	16.6
Hallnor	60c	5.50	10.9
Hard Rock	‡9c	.65	..
Hedley Mascot	‡6c	.36	..
Hollinger	65c+45c	10.87	*10.1
Howey Gold	‡2c	.23	..
Hudson Bay	$1.75	22.50	7.8
Inter. Nickel, com.	$2	33.00	6.1
Island Mountain	‡8c	.64	..
Kerr Addison	5c	2.20	..
Kerr Lake	‡5c	.30	..
Kirkland Lake	10c+2c	.81	*14.8
Kootenay Belle	‡10c	.30	..
Lamaque Gold	40c+10c	4.85	*10.3
Lake Shore	$2	18.75	10.7
Leitch	8c	.45	17.7
Little Long Lac	30c	2.00	15.0
Macassa	32c	3.35	9.5
Madsen R. Lake	†3c	.30	..
McGillivray Coal	3c	.25	..
McKenzie Red L.	12c+2c	.93	*15
McWatters	10c	.25	..
Moneta	12c	.42	..
McIntyre Porc.	$2+$1	40.00	*7.5
MacLeod Cockshutt	†10c	1.53	..
Nipissing	15c	.95	..
Noranda	$4	50.00	8
North Empire	‡40c	7.25	..
O'Brien Gold	‡5c	.86	..
Pamour Porc.	12c	.85	14.1
Pato Cons.	20c	2.00	11
Paymaster	2c	.22	..
Perron Gold	16c+4c	1.46	*13.7
Pioneer, B.C.	40c	1.97	20.3
Pickle Crow	40c	2.50	16
Placer Develop.	$1.20	9.00	13.3
Premier	12c	.80	15
Preston E. Dome	‡15c	1.67	..
Privateer Mine	‡13c	.43	..
Powell Rouyn	20c	.65	..
Quebec Gold	‡2c	.20	..
San Antonio	14c+3c	1.62	*10.4
Sheep Creek	16c+2c	.86	*20.9
Sherritt Gordon	†5c	.57	..
Silbak Premier	16c	.60	26.6
Siscoe	12c+1c	.60	*21.6
Sturgeon River	†2c	.11½	..
Sudbury Basin	‡2½c	1.00	..
Sullivan Cons.	‡6c	.55	..
Surf Inlet	†1½c	...	..
Sylvanite Gold	20c+5c	2.10	*11.9
Teck-Hughes	40c+5c	3.05	*14.7
Toburn	8c+8c	1.05	*15.2
Upper Canada	†3c	.73	..
Ventures	15c	2.10	..
Waite Amulet	†10c	3.10	..
Wright-Harg.	40c+30c	5.80	*12.1

*Yield including bonus. †Initial.
‡Paid or payable in 1940 to date.

Mercury Mills Operates At Record Levels

Operations of Mercury Mills, Ltd., Hamilton, in the first half of 1940 are reported at new peak levels. Both sales and earnings were substantially ahead of corresponding periods in preceding years. Capacity operations prevailed with both domestic and war orders contributing. A substantial volume of orders on hand indicates continuation of satisfactory operations.

A reorganization in 1939 relieved the company of the burden of arrears of sinking fund on its bonds and dividend arrears on the preferred stock. In place of a loss of $25,594 in 1938, the company reported a net profit of $35,455 last year.

Annual Meetings

1940:	Company	Place
Aug. 29	North-Am. Elevators	Montreal
Aug. 31	York Oils	Vancouver
Sept. 5	Agnew-Surpass Shoe	Brantford
Sept. 10	Alexandra Apts.	*Toronto
Sept. 23	Kerr Lake Mines	New York

*Bondholders.

Dividends Declared

	This payment	Date payable	Date of record
Agnew Surpass	40c	Sept. 2	Aug. 15
Do., bonus	20c	Sept. 2	Aug. 15
Do., pref.	$1.75	Oct. 1	Sept. 16
Anglo-Candn. Tel.	15c	Sept. 3	Aug. 15
Asbestos Corp.	15c	Sept. 30	Sept. 15
Do., bonus	15c	Sept. 30	Sept. 15
Assoc. Brew.	25c	Sept. 30	Sept. 14
Do., pref.	$1.75	Oct. 1	Sept. 14
Aluminium, c.	$1.50	Sept. 5	Aug. 20
Do., pref.	†$1.50	Sept. 1	Aug. 15
Beattie Gold	▪4c	Sept. 20	Sept. 9
Borden's	30c	Sept. 3	Aug. 15
Bk. Can. Nationale	$2	Sept. 1	Aug. 15
Bank of Montreal	$2	Sept. 3	July 31
Bk. of Nova Scotia	$3	Oct. 1	Sept. 14
Bank of Toronto	$2.50	Sept. 3	Aug. 15
T. G. Bright	$1.50	Sept. 14	Aug. 31
Do., com.	7½c	Sept. 14	Aug. 31
Brown Oil pf.	$1.50	Aug. 28	Aug. 3
Canada Cement, p.	$1.25	Sept. 20	Aug. 31
Can. Dom. Sugar	37½c	Sept. 1	Aug. 15
Coniaurum Mines	4c	Sept. 25	Sept. 14
Can. Tube & Steel	$1	Sept. 16	Sept. 9
Can. Ingers'l Rand	$1	Sept. 4	Aug. 15
Canadian Oil, pf.	$2	Oct. 1	Sept. 20
Can. Vinegars	10c	Sept. 2	Aug. 20
Can. Pac. Rly., p.▪	2%	Oct. 1	Sept. 2
Commoil	1c	Aug. 29	Aug. 15
Calgary & Edm.	▪10c	Sept. 30	Aug. 31
Cariboo Gold	4c	Oct. 1	Sept. 4
Do., extra	2c	Oct. 1	Sept. 4
Can. Malting	50c	Sept. 14	Aug. 31
Candn. Ind., A, B	$1.75	Oct. 31	Sept. 30
Do., pref.	$1.75	Oct. 15	Sept. 30
Can. Wire & C., A	$1	Sept. 15	Aug. 31
Do., B	25c	Sept. 15	Aug. 31
Do., pref.	$1.62½	Sept. 15	Aug. 31
Chartered Trust	$1	Oct. 1	Sept. 16
Comm. Alcohols, p.	10c	Oct. 15	Sept. 30
Can. Int. Inv. Tr., p.	50c	Sept. 3	Aug. 15
Can. W. N. Gas, p.	$1.50	Sept. 3	Aug. 15
Can. Malartic	2c	Sept. 26	Sept. 5
Distillers Seag., c.	55½c	Sept. 16	Sept. 3
Dom. Ang. Inv. pf.	$1.25	Sept. 3	Aug. 15
Dominion Bridge	30c	Aug. 24	July 31
Dom. Scottish	50c	Sept. 1	Aug. 20
Dom. Fdry. & St'l	$1.50	Sept. 3	Aug. 20
Do., com.	25c	Oct. 1	Sept. 20
Dome Mines	50c	Oct. 21	Sept. 30
East Malartic	10c	Aug. 31	Aug. 1
Extension Oil	1½c	Aug. 31	Aug. 15
Gatineau Pwr.	20c	Sept. 30	Aug. 31
Do., 5½% pref.	$1.37	Oct. 1	Aug. 31
Do., 5% pref.	$1.25	Oct. 1	Aug. 31
Granby Cons.	†15c	Sept. 3	Aug. 16
Gt. L. Pap. p. A B	▪25c	Oct. 1	Sept. 10
Hollinger Cons.	5c	Sept. 9	Aug. 26
Hallnor Mines	15c	Sept. 4	Aug. 15
Hamilton Un. Th.	$1.25	Sept. 30	Aug. 31
Inter. Mniing	†10c	Sept. 20	Aug. 31
Inter. Nickel	†50c	Sept. 30	Aug. 31
Kelvinator	50c	Sept. 20	Sept. 5
Kerr Lake M.	†5c	Aug. 29	Aug. 20
Kirkland L. Gold	5c	Nov. 1	Sept. 30
Do., extra	1c	Nov. 1	Sept. 30
Lake of W. Mill., p.	$1.75	Sept. 3	Aug. 17
Lake Shore M.	▪50c	Sept. 14	Aug. 31
Lang, J. A.	17½c	Oct. 1	Sept. 15
Laura Secord	20c	Sept. 1	Aug. 15
Loblaw, Groc., A, B	25c	Sept. 3	Aug. 10
Loblaw Groc. Inc.	†20c	Aug. 31	Aug. 15
Montreal Loan	31¼c	Sept. 16	Aug. 31
McIntyre Porc.	†50c	Sept. 3	Aug. 1
McKenzie R. Lake	3c	Sept. 16	Sept. 2
Nat. Biscuit	†40c	Oct. 15	Sept. 10
Do., pref.	†$1.75	Aug. 31	Aug. 16
Noranda Mines	$1	Sept. 16	Aug. 17
N. Scotia L. & P.	$1.50	Sept. 3	Aug. 15
Ogilvie Flour, p.	$1.75	Sept. 3	Aug. 19
Ottawa Light	25c	Oct. 1	Aug. 26
Do., pref.	$1.25	Oct. 1	Aug. 26
Petrol Oil	▪2c	Oct. 1	Sept. 14
Press Metals	†25c	Sept. 3	Aug. 15
Perron Gold	4c+1c	Sept. 21	Aug. 31
Prov. Bank	$1.50	Sept. 1	Aug. 15
Paton Mfg.	50c	Sept. 15	Aug. 31
Do., pref.	$1.75	Sept. 15	Aug. 31
Photo Engravers	50c	Sept. 3	Aug. 15
Pioneer Gold	10c	Oct. 1	Aug. 31
Quebec Power	25c	Aug. 26	July 22
Riverside Silk	50c	Oct. 1	Aug. 13
Remington Rand	20c	Oct. 1	Sept. 10
Do., pref.	$1.12½	Oct. 1	Sept. 10
Rolland Paper, pf.	$1.50	Sept. 2	Aug. 15
Royal Bank	$2	Sept. 3	July 31
Siscoe Gold	3c	Sept. 16	Aug. 16
Shawinigan Pr.	23c	Aug. 26	July 24
Stuart, D. A. Oil, p.	20c	Sept. 3	Aug. 15
Surf Inlet	1½c	Sept. 16	Aug. 16
Sunset Oils	1c	Sept. 16	Sept. 5
Sylvanite Gold	†5c	Sept. 30	Aug. 17
Teck-Hughes	▪10c	Oct. 1	Sept. 10
Do., bonus	▪5c	Oct. 1	Sept. 10
Tor. Elevators, pf.	65½c	Sept. 7	Aug. 22
Union Gas	20c	Sept. 14	Aug. 14
Upper Can. Mines	‡3c	Aug. 31	Aug. 15
United Fuel, A., p.	75c	Oct. 1	Sept. 20
Walker-Good.	$1	Sept. 15	Aug. 23
Do., pref.	25c	Sept. 15	Aug. 23
West. Can. Hyd., p.	20c	Sept. 1	Aug. 20
Weston, Geo., c.	20c	Oct. 1	Sept. 12
Wr. Hargreaves	†10c	Oct. 1	Aug. 22
Do., bonus	†5c	Oct. 1	Aug. 22
Wilsil	25c	Oct. 1	Sept. 14

†Payable in U. S. funds ‡Initial.
▪Subject to approval by Foreign Exchange Control Board.

DIVIDEND NOTICES

DIVIDEND NOTICE

HIRAM WALKER-GOODERHAM & WORTS LIMITED

DIVIDEND NO. 70

A quarterly dividend of 25¢ a share has been declared on the outstanding no par value Cumulative Dividend Redeemable Preference Stock of this company, payable Monday, September 16, 1940 to shareholders of record at the close of business on Friday, August 23rd.

DIVIDEND NO. 71

A dividend of $1.00 a share has been declared on the outstanding no par value Common Stock of this company, payable Monday, September 16, 1940 to shareholders of record at the close of business on Friday, August 23rd.

By Order of the Board,
FLETCHER RUARK,
Secretary.
Walkerville, Canada.
July 29, 1940.

Lake Shore Mines Limited

(No Personal Liability)

DIVIDEND NO. 82

NOTICE is hereby given that a dividend of Fifty Cents per share, on the issued capital stock of the Company, will be paid on the fourteenth day of September, 1940, to shareholders of record at the close of business on the thirty-first day of August, 1940. The payment of this dividend is subject to the approval of the Foreign Exchange Control Board.

By order of the Board.
KIRKLAND SECURITIES, LIMITED.
SECRETARY.
Dated at Kirkland Lake, Ontario,
August 15th, 1940.

DIVIDEND NOTICE

THE CARIBOO GOLD QUARTZ MINING COMPANY LIMITED

(Non-Personal Liability)

DIVIDEND NO. 20

NOTICE IS HEREBY GIVEN that a quarterly dividend of four cents (4c) per share, together with a bonus of two cents (2c) per share, on the paid up capital stock of the Company, will be paid October 1st, 1940, to shareholders of record September 4, 1940.

The Books of the Company will be closed for the transfer of shares from September 5, 1940, to September 7, 1940, inclusive.

By Order of the Board.
J. R. V. DUNLOP,
Secretary-Treasurer.
Vancouver, B.C.
August 17, 1940.

Hollinger Consolidated Gold Mines Limited

DIVIDEND NUMBER 335

A regular dividend of 1% has been declared by the Directors on the Capital Stock of the Company, payable on the 9th day of September, 1940, to shareholders of record at the close of business on the 26th day of August, 1940.

DATED the 17th day of August, 1940.

I. McIVOR,
Assistant-Treasurer.

ANDIAN NATIONAL
ANGLO CAN. TEL.
BURNS & CO. A. & B.
A. J. Pattison, Jr. & Co.
Royal Bank Bldg., Toronto
EL. 5101

What Pact Means For Business

(Continued from page 9)

dations of an industry for making heavy armor plate and battleships.

There is the immediate problem of machine tools, for instance.

Canada's plant-building programme calls for staggering supplies of machinery; quantities out of all proportion to the ability of the Canadian machine tool industry to supply it, skilful and willing though it is.

To get these plants going, Canada immediately needs some $65 millions worth of machinery from United States. Because America is now suddenly concerned about her own defenses and because Canada's immediate needs represent more than two-months U. S. tool production, it is understood there is—or was up to Ogdensburg—a very real and tremendously serious danger that much of Canada's munitions programme was going to be stalled because of American unwillingness to sell and delay development of her own munitions industry, though the result obviously would not have been in its own best interests.

Under the new co-ordinated plan there should be no danger of a situation like that arising again.

Because of Canada's "head start" on munitions projects, it is now to be expected that her industry will be given every chance to get into production as fast as possible. In other words, America has now declared the cause is common.

Making the best use of what each country has to offer in the way of raw materials, skill, speed of delivery and the application of the mass-production technique on a two-country basis is the result which the plan seems intended to foreshadow.

Safeguards Empire

Paradoxical as it may appear, the inextricable union of American and Canadian economic interests are one of the strongest, most realistic, safeguards for the national survival of the smaller member; for maintaining its sovereignty and status in the Commonwealth unimpaired.

If Canada were to go into any form of political union with United States, that would mean wiping away the tariff barrier separating the two countries.

And the tariff barrier and Canada's enjoyment of the imperial preferential tariffs are chief reasons why some 1,000 U. S.-owned branch plants are now located in Canada.

Political union would turn many of these plants into white elephants. Hence the fact that U. S. business interests in Canada are, for the most part, as hearty supporters of the present setup as any English-Canadian.

Another basic fact giving both countries, America and Canada, a mighty economic interest in avoiding any disturbance with the present political division is the essentially competitive nature of the two national economies.

To a large extent both countries have the same things to sell in the markets of the world: wheat, agricultural products, motor cars, and other products of the mass production technique.

This basic fact was overlooked by that group of the past generation, led by Goldwin Smith, which incessantly argued for continental union. The lines of trade on this continent run north and south, was their text. Today's facts make it very plain that they run east and west.

So that far from the forthcoming co-ordination of industrial effort for war threatening the Dominion politically or economically, the facts suggest the opposite: that Canada's political status will be further secured.

Must Have Exchange

Co-ordination on the industrial front is almost certain to result eventually in co-ordination on the financial front, though the U. S. Neutrality Act, chief barrier here, may not be courageously tackled until after the Presidential elections.

As Canadians are well aware, one of the Dominion's chief problems so far in the war has been to maintain a supply of American dollars adequate to pay—cash and carry—for the millions of dollars worth of war supplies which could only be secured speedily enough in United States.

While there is no evidence that the war effort has so far gone without anything simply through lack of American dollars, estimates of these foreign exchange resources clearly indicate that for a tremendously expanded arms programme that supply would be inadequate.

Strictures on Canadian travel in the United States; efforts to reduce exports from the United States—both to conserve exchange, make plain the dire need.

The long tentacles of the Foreign Exchange Control Board affecting virtually every member of Canada's industrial and financial structure amply demonstrate the importance of this form of war supply.

America's Neutrality Act forbids making loans or providing credits for belligerents, very largely a hangover from the economic boobery of the Johnson Act which, during peace, forbade loans or credits to countries which were behind on their war debt payments.

While that prohibition holds, attempts at industrial collaboration for the war effort must be much less successful than they would otherwise be. There can be no fully coordinated and integrated productive machine for war.

Arms Here to Stay

As Major Eliot has suggested in the article above, it seems pretty plain that the days of un-armament are gone for as long as any reader of this page is concerned; that with victory, the democracies will find survival still too precarious to scrap protective weapons.

But, preparation for continental defense, even though on the scale required only for a second line of defense, is going to cost Canada staggering sums of money, both immediately and as long as those defenses are maintained.

How will those vast costs be born? It is obviously impracticable that Canada and United States should undertake defense works dividing the cost 50-50. A nation of 11 million people just can't sit in where there are billion dollar chips, and that's the kind of money that will be involved if continental defense is to be really defensive, not just mock-up.

There will be great naval bases to be established—and maintained with graving docks, chandlering and all the rest. There will be great shore batteries to build; scores of anti-aircraft posts to be established. There will be constant thousand-mile patrols for airplanes and new airfields.

Canada "Front Line"

Obviously, many of these defense works would be located in Canada because the northern route is the short way to Europe, whether it be by air, over the roof of the world, or across the ocean.

Obviously, too, these works though located in Canada would be of equal advantage to United States; greater in fact since U. S. soil would be spared potential bloodshed surrounding them. In the same way, American domination of the Panama Canal is of equal importance to Canada.

It has been suggested—quite unofficially—that the costs of these works could be apportioned on a per capita basis, which would currently work out to America spending about $10 for every $1 from Canada.

While this would be the neat and perhaps logical apportionment, it is probable U. S. public opinion would be hard to convince. Any scheme worked out on the basis of national income—ability to pay—would have this disadvantage in slightly less degree, since problems of the national income are of too esoteric a kind to make a good rallying cry for U. S. isolationist sentiment.

Enhanced Stature

As a matter of fact, the form of such a settlement is more hypothetical than real since the degree of apparent need at the time it is made and the wishes of the larger partner which, after all, has more dollars and cents worth of things to defend than Canada, would doubtless be overriding factors in the settlement.

If the plan of industrial co-ordination is prosecuted, it is certain to have a decided effect on molding the new industrial Canada now being born.

Because of her enhanced industrial stature, Canada is almost certain to emerge into peace better able to stand the burdens imposed by the protection of that peace.

Theatre Owners Report Success With Fund

Interesting analysis of the success of one patriotic enterprise is provided by Canadian Moving Picture Digest.

It shows that $716,014 of war savings stamps and certificates were sold by motion picture theatres in Canada when, for July 15, they made purchase of stamps the admission "fee."

Territory:	No. of Theatres Participating	No. of Seats	Total Cash from Sale of Stamps and Certificates	Percentage of Gross (of Col. 3)	—Average— per Theatre	per Seat	Total No. Persons Admitted to July 15 Show
Nova Scotia	54	33,253	$60,398	8.4	$1,118	$1.82	32,000
N. Brunswick & P.E.I.	40	21,715	31,817	4.5	795	1.46	20,000
Quebec	164	117,111	77,234	10.8	471	.66	120,000
Ontario	359	251,328	345,997	48.3	964	1.33	245,057
Manitoba & part Sask.	143	69,388	82,561	11.5	577	1.20	45,941
Alberta & part Sask.	119	43,117	67,097	9.4	564	1.32	40,000
British Columbia	96	60,904	50,910	7.1	530	.84	58,000
Canada	977	596,816	$716,014	100%	$733	$1.20	560,898

Toronto
Port Credit
Oakville
Lake Ontario
Burlington
Hamilton
Niagara River
St. Catharines
Niagara Falls
Caledonia
Welland
Cayuga
Dunnville
Fort Erie
Buffalo
Lake Erie

This new super-road from Toronto to Niagara Falls has just been opened, a vital step in Canada's tourist programme.

Other People's Views . . .

No Choice for Canadians
La Presse, Montreal

We have no choice. This military preparation, these considerable costs which, for the taxpayer, are reflected in heavy and numerous levies, are imposed on us by the immeasurable ambition of totalitarian states.

Let us give willingly what the country requires of us. Truly, in the words of Mr. Ralston, those who in one way or another are called to support our military effort should feel proud and honored.

Magistrates Too Lenient
Calgary Herald

A Victoria, B.C., magistrate not long ago imposed a three months sentence on one George Hartnell for disloyal utterance. The attorney-general of British Columbia, Mr. Wismer, is appealing this sentence on the ground that it is far too lenient.

Magistrates should realize that Canada is engaged in a desperate war and that violation of the Defense of Canada Regulations is a most serious offense, calling for more severe penalties than hitherto imposed in the great majority of cases. Perhaps it might be a good idea if such cases henceforth were tried before federally appointed judges.

Best Brains Needed
Winnipeg Tribune

The Tribune, ever since the outbreak of war, has urged the government to draft the best brains in Canada for the big jobs connected with the war effort, both inside and outside the Cabinet. The national war programme will never hit the high in speed and efficiency until the best men and women in the whole nation have been harnessed.

The choice of P. A. Chester is exactly the sort of appointment which will inspire public confidence. It is an example of the kind of "drafting" for national service that should have been done immediately on the outbreak of war.

Put Roads in Shape
Calgary Herald

No province in Canada can afford to sit back and expect an increased tourist traffic without making an unusual effort. This is the considered opinion of a man in a position to know what he is talking about. He is D. Leo Dolan, chief of the Dominion Tourist Bureau at Ottawa.

The pressing obligation this year, as it has been for many years, is to put Alberta highways in condition for tourist travel. This is the first duty of the Government, whose publicity department has been active in recent times in inviting American tourists and the people from the eastern provinces to spend [illegible]

DIVIDEND NOTICES

Ottawa Light Heat and Power Company, Limited

Quarterly dividends as follow are payable 1st October, 1940, to Shareholders of record 26th August, 1940:

PREFERRED STOCK: 1¼% (being at the rate of 5% per annum.)

COMMON STOCK: Twenty-five cents (25 cts) per share on the No Par Value Shares.

The transfer books will not be closed.

By Order of the Board.
F. W. FEE,
Secretary.
OTTAWA, 20th August, 1940.

West Canadian Hydro Electric Corporation
Limited

DIVIDEND NOTICE
Preferred Dividend No. 9

TAKE NOTICE that the regular quarterly dividend of 20 cents per share on the outstanding Cumulative Preference Shares of the Company for the three months' period ending August 31st, 1940, has been declared as Dividend No. 9, payable September 2nd, 1940 to Shareholders of record at the close of business August 20th, 1940. Notice is further given that the Share Register will be closed for transfer from August 21, 1940 to August 24, 1940, both dates inclusive.

BY ORDER OF THE BOARD
W. T. Haynes
Secretary.
VANCOUVER, B.C.
August 15th, 1940.

Wheat Man Gives Crop Estimate

Gordon Brown of Regina estimates the total Canadan wheat crop for the year 1940 at 514 million bushels.

Completing a survey covering some 6,700 miles through the three Prairie Provinces, he estimates the total wheat crop for western Canada at 487 million bushels, made up by provinces as follows: Manitoba, 64 millions; Saskatchewan, 226 millions, and Alberta, 197 millions.

In a special dispatch to The Financial Post this independent wheat expert states: Besides this we have 23 millions of winter wheat and 4 millions of spring wheat in other provinces, making a grand total for all Canada of 514 million bushels of wheat.

The oat crop is very poor. Barley and rye are below average, but the flax crop is excellent excepting areas damaged by grasshoppers.

With a total wheat crop of 514 millions plus a carryover of 301 million bushels as of July 31, 1940, we have a grand total of 815 million bushels of wheat available, allowing 135 millions for domestic disappearances during the current year which was the largest in history.

Because of anticipated increased feeding to livestock there is an apparent 680 million bushels for export and carryover. Unless there is a decided change for the better in Canada's export picture during the present crop year,, a carryover of over 500 million bushels of wheat is indicated for Canada as of July 31, 1941.

The production of durum wheat is considerably below normal due to a reduced acreage, Mr. Brown added.

New Building

Reported by Engineering & Contract Record:

F. W. Woolworth Co. will occupy new $40,000 store building being erected at Port Arthur by Principal Investments Ltd., Toronto.

Beauharnois Power Corp. has awarded general contract for construction of $150,000 dam in connection with its current development of increased power capacity.

Week in Wheat

Raise Crop Estimate Now to 487 Millions

Private Estimate Sees Bigger Wheat Supply Providing Total Yield Not Cut Down By Early Frosts

From Our Own Correspondent

WINNIPEG.—A private estimate of the western wheat crop issued this week arrived at a total of 487 million bushels for the Prairie Provinces. Alberta is credited with 197 million bushels, Saskatchewan with 226 millions and Manitoba with 64 millions. Elevator companies familiar with Alberta conditions have lately been raising previous estimates of the crop of that province from under 175 millions to approximately 200 millions, always provided that total yield is not cut down by frost.

The Saskatchewan estimate is higher, but not by a great deal, than that recently arrived at by provincial government authorities, while the Manitoba figure agrees practically with what the provincial government had estimated.

Urge Grain Loans

The western conference, which met last week in Winnipeg under the leadership of Premier Bracken, urged on the Dominion making provision for loans to farmers on grain which cannot be delivered early owing to congested elevator space.

The conference included representatives of the three provincial governments, farmers organizations, commercial bodies, municipal associations, and the grain handling organizations, including the Northwest Line Elevators' Association, the Wheat Pools, and United Grain Growers Ltd.

Figures presented indicated that perhaps not much more than 150 million bushels of grain could be accommodated immediately in country elevators. After that deliveries would be dependent upon the rate at which space can be made available in country elevators by shipments to terminals, as those are cleared by forwarding grain to take the place of overseas shipments.

By the end of the crop year, at July 31 next, most of the grain harvested this fall could be accommodated, although, at that, there is a prospect that the elevator storage space in all Canada will be completely occupied, and that some quantities of this year's crop will still be held on farms as owners await a chance to deliver it.

* * *

Want National Guarantee

The committee suggested that bank loans could be made to farmers if the Dominion Government would give the banks a guarantee against loss to the extent of a fixed percentage of total loans made. At the same time, it was pointed out that provincial legislation would be necessary in order to make such loans a first charge on farm-stored grain. As grain can now be delivered to elevators only on permits issued by the Canadian Wheat Board, endorsation of such permits would provide means of assuring repayment of loans from proceeds of grain as delivered.

Although the conference appointed a committee to go to Ottawa and lay these proposals before members of the Government, it developed that the Hon. Messrs. Gardiner and Crerar were both available in Winnipeg on Monday, and discussions were held with them.

Essence of representations made was to the effect that unless more money can be put into circulation in the West than will be available from early deliveries, there is danger, not only of distress among farmers, but of stagnation of western business.

It was stressed that the Dominion Government would not be adding to its commitments with respect to wheat, as it has already undertaken to pay, through the Wheat Board, a guaranteed minimum price whenever grain can be delivered. Early announcement of the Government's plans was asked for, on the ground that drying up of ordinary sources of farm credit for harvest and threshing operations could be avoided.

* * *

Bankers Chary

Western bankers are not yet willing to be quoted officially. Privately some of them point out that bankers' contacts with farmers have greatly decreased in recent years, that the number of country branches has declined, and that the small staffs kept at such branches have not been able to keep in touch with farmers to the extent that prevailed in the period of expansion which closed in 1929, and during which it was a normal thing for a farmer to be a regular borrower from a bank.

Some difficulties in undertaking a large scale system of loans are foreseen. On the other hand, some bankers see in such a plan not only an opportunity to re-establish relations with country customers, but also a means by which the affairs of commercial customers can be kept in more satisfactory shape.

* * *

See Big Crop

Granted only that Alberta crops, most of which are late enough still to be damaged seriously, escape any considerable frost damage, prospects are that the total crop harvested in western Canada will fall little, if any, below the excellent crop of last year.

There has been some frost in Alberta but it is not yet possible to assess the damage wrought during two or three cold nights last week. Except for that, and a somewhat limited area in the south where grasshoppers were severe, crops in Alberta are remarkably good.

Both in Manitoba and Saskatchewan out-turns are proving to be decidedly better than indicated by conditions some weeks ago. Cutting in Manitoba has been largely completed, and already some country elevators are completely filled with early threshed grain. Saskatchewan has a good deal of poor crop area, a large area where crops are only fair, but also has some millions of acres of excellent crop. There is very little complete failure.

* * *

Want Modification

Varying results in different districts are already bringing demands upon the Wheat Board for modifications of the quota system of deliveries inaugurated immediately after Parliament gave the Board the responsibility of regulating deliveries.

Farmers are allowed to deliver only five bushels for each acre seeded to wheat, oats or barley. In some districts, either because of poor crops, or because of extensive elevator equipment, there is space to accommodate more than that quantity of local grain, although for all the West, available space will probably not be enough to accommodate the quota deliveries of all farmers. From such districts demands are being made that local farmers be given enlarged quotas, and have preserved for them the full advantage of local space. Other farmers, where crops are heavy, or elevator space limited, claim that the ruling principle should be to treat all farmers alike, and that any surplus space should be filled by moving in grain from other districts.

* * *

Co-ordinate Car Capacity

While regulation of farmers' deliveries under quota is a responsibility of the Wheat Board, car distribution is being regulated by a committee set up by order-in-council, with Dr. McGibbon, of the Board of Grain Commissioners, as chairman, assisted by representatives of various branches of the trade. To carry out the principle of equalizing the use of elevator space, it is necessary to control allotment of railway cars to different shipping points.

The Wheat Board, it is generally assumed, will ask its newly-appointed Advisory Committee to consider conflicting claims of different districts with respect to quotas and car allotments.

* * *

Boost Storage Capacity

Total storage capacity of country elevators in western Canada, rated last year at 190 million bushels is likely to be increased by from 30 to 40 million bushels this year. The greater part of the increase will come from the building of annexes adjacent to existing elevators. All elevator companies are going ahead rapidly with a programme which will probably mean a total building cost of more than $2½ millions. Preliminary to entering on this programme the elevator companies obtained assurance from the Dominion Government that, for income tax purposes, depreciation on these temporary structures could be charged off at a rate consistent with their expected period of usefulness.

Two considerations probably moved the Dominion Government to make that concession. One is the fact that a given quantity of storage space can be supplied much more economically in large structures holding from 20,000 to 30,000 bushels than in a multitude of small granaries. The other is the fact that satisfactory financing of farmers requires that grain be put as soon as possible where the full amount of the Wheat Board initial price can be made available.

* * *

Use Rinks, Halls

Besides these new structures, hundreds, perhaps many hundreds, of other buildings will be brought into service, including rinks, community halls and barns. Heretofore, only structures especially built for the purpose, and situated alongside railway trackage have been eligible to license for grain handling. Now the Grain Commissioners have announced that other buildings can be licensed, and operated as annexes to existing elevators.

An intensive search for suitable empty buildings is now in progress in western towns and villages, and a number have already been leased by different elevator companies.

Such buildings can neither be very satisfactory nor economical. Handling machinery will be lacking. Grain will probably have to be weighed in regular elevators, then trucked to the premises. Loading out will mean a shovelling job, and additional haulage.

But pressure from farmers to provide space will be so great that few possible buildings will be overlooked. Although farmers are to be paid by the Wheat Board for keeping wheat on farms, most of them want to cash in on it at once to the fullest possible extent, and that means turning wheat over to the Wheat Board at an authorized delivery point.

Wheat Prices

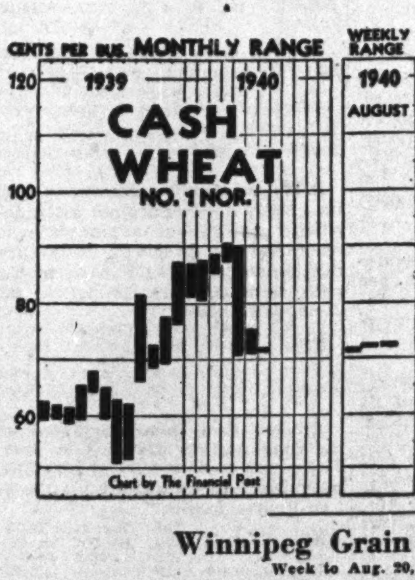

Chart by The Financial Post

Cash Quotations

	For Week Aug. 20 High	Low	Prev. Week High	Low
Wheat:				
1 Hard	.72¼	.72⅛	.72	.71⅞
1 Nor.	.72¼	.72⅛	.72	.71⅞
2 Nor.	.69½	.69⅜	.69¼	.69⅛
3 Nor.	.66⅝	.65⅝	.65⅝	.65⅛
4 Nor.	.62⅛	.61⅝	.61⅝	.60⅞
5 Wheat	.58⅝	.58⅜	.58⅜	.58⅛
6 Wheat	.56⅝	.56⅜	.56⅝	.56⅝
Feed	.52⅝	.52⅜	.52⅝	.52⅛
Oats:				
2 C. W.	.29	.27½	.31⅝	.29¼
3 C. W.	.27	.26¼	.28⅜	.28
Barley:				
1 Feed	.31⅝	.30½	.32⅞	.31¼
2 Feed	.31⅜	.29¼	.32⅜	.30¾
Flax:				
1 C. W.	1.32¼	1.31	1.31½	1.30¾
2 C. W.	1.27¼	1.26½	1.27	1.26¾
Rye:				
2 C. W.	.42	.39⅛	.42⅝	.41¾

Winnipeg Grain Futures

Week to Aug. 20, 1940

Crop year from Aug. 1, 1940 High	Low		Open Aug. 14	High for week	Low for week	Close Aug. 20	Close year ago
		Wheat					
*.73⅜	.73⅜	Oct.	.73⅜	.73⅜	.73⅜	.73⅜	.56⅛
*.74⅜	.74⅜	Dec.	.74⅜	.74⅜	.74⅜	.74⅜	.56
		Oats					
.30⅜	.27¾	Oct.	.28¾	.28¾	.27¾	.28⅜	.28⅝
.28⅛	.25⅝	Dec.	.26⅜	.26⅜	.25⅝	.26⅝	.27⅜
.30	.26⅝	May	.27½	.27½	.26¾	.27½	.29¼
		Barley					
.34½	.31⅛	Oct.	.32⅝	.33⅛	.31⅛	.32⅞	.35
.34¾	.30½	Dec.	.32	.32	.30½	.31⅞	.34¼
		Flax					
1.34⅛	1.32	Oct.	1.33⅜	1.33¼	1.32	1.33¼	1.33
		Rye					
.46⅛	.40⅛	Oct.	.43⅜	.44⅛	.40⅛	.42	.39½
.46¾	.40⅜	Dec.	.44⅛	.44⅜	.40⅜	.42½	.40
.45½	.44⅛	May	[illegible]	[illegible]	.45½	[illegible]	[illegible]

*Minimum prices.

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Capacity: Toronto, 4 Million Bushels
Sarnia, 3 Million Bushels

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Foreign Exchange

During the week Aug. 13 to Aug. 19 there was no change in the quotation to the United States dollar at Toronto and Montreal, which was $1.10 for buying and $1.11 for selling. The sterling rate likewise was unchanged at $4.43 buying and $4.47 selling. The rate is published daily by the Foreign Exchange Control Board.

Other Currencies, Aug. 19

Australia	3.58	N. Zealand	3.61
India	.3368	S. Africa	4.47
Japan	.2605	Hong Hong	.2511

Staff Changes

The Imperial Bank of Canada announces the following staff changes

R. E. Y. BALDWIN, accountant, Windsor, appointed acting manager, Preston.

A. S. WAGNER, acting manager, Preston, appointed manager, Delhi.

C. A. SIMPSON, formerly of Delhi branch, appointed accountant, Windsor.

The Bank of Nova Scotia announces the following staff change:

E. E. KING has been appointed manager at Cochrane, Ont.

The Dominion Bank announces the following staff changes:

T. T. RODGER, manager, Brandon, Man., to be manager, Peterborough, Ont., replacing R. T. E. HICKS-LYNE, on active service.

J. ADDISON, manager, Deloraine, Man., to be manager, Brandon.

J. J. MORRISON, accountant, Winnipeg, to be manager, Deloraine, Man.

GEORGE WATSON, to be manager, Notre Dame, Winnipeg.

J. C. HARWOOD, accountant, Saskatoon, to be accountant, Calgary.

M. T. PEAREN, to be accountant, Saskatoon.

GEORGE RICHARDSON, to be accountant, Windsor.

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Week in Mining

Sees Much Strength Behind Gold Stocks

U. S. Investment Analysts Think Increase in Gold Price Likely — See Little Reason For Too Much Concern About Taxes

Gold mining shares continue to drift in the doldrums. Those who have them show no burning desire to sell, while those who have not are not rushing in to buy.

How much dynamite is there underneath this market?

Brokers report that showings are thin on both sides. This is perhaps especially true of the offerings, for a few buying orders can mop up offerings without bringing a wave of liquidation. The drastic markdown of a couple of months ago would indicate that stocks are now held in strong hands; and certainly these people are hardly likely to take a loss on stocks bought on the bargain counter.

Meanwhile, ammunition for the Bulls is piling up in impressive quantities. A Canadian investment house has looked upon the tax situation, and found it not too unfavorable. From New York comes a market letter pointing out the attraction of Canadian golds for the American investor. A Toronto house lists 23 producers selling at or under 25 cents; among them, four dividend payers.

* * *

Hitler on Gold

All this comes after the concerted monkey-wrench-throwing campaign aimed in the past week or two at Hitler's anti-gold propaganda machine. The widespread concern caused by activities of that machine has been a source of amazement to sober market observers. Fears for the future of gold based on Hitler's tirades can only be rooted in belief that the Nazis will win the war. On the other hand, each act of the Germans in grabbing gold at every opportunity gives the lie to their own statements. The future of gold and Canadian mining is assured.

* * *

Tax and Premium

One fly in the ointment which has loomed unduly large is taxation. It is true that mining companies are expected to pay into the Federal treasury a greater percentage of their earnings, as a result of the recent "excess" profits tax and increased income tax.

It is also true, on the other hand, that the current premium on United States funds is resulting in an increased return to the gold mines on every ounce of gold marketed.

The statistical department of Nesbitt, Thomson and Co. has prepared a pamphlet which shows, on the basis of four "theoretical" mines, how net profit, even after the higher taxes, might show an increase in the current year. This increase, according to the figures given, would be most marked in the case of a mine whose operating costs were comparatively high. Goodbody & Co. of New York support this point of view, with the statement that "there are some little known but favorable factors in the revised Canadian income tax law as it affects mining operations."

* * *

Sees Higher Gold Price

The New York house, while admitting that its opinions are not susceptible of proof (neither are those of the pessimists), foresees a higher price for gold over the long term, and its continued use as a base for currencies and medium of international settlements.

An interesting calculation included in the Goodbody & Co. survey is a "present value" table including six senior Canadian golds. On an estimated life for each mine ranging from five years for Teck-Hughes to 25 years for Lake Shore, estimated present value on the basis of 1939 earnings and including working capital, etc., is given as $21.89 for Dome; $10.96 for Hollinger; $39 for Lake Shore; $63.08 for McIntyre; $2.43 for Teck Hughes and $6.78 for Wright-Hargreaves. Illuminating as the figures are, there seems to be good reason for belief that the writer has leaned to conservatism in evaluating such healthy offsprings as Teck's Lamaque and Dome's Sigma.

* * *

Inverse to Price

Percentage return on Canadian gold stocks at present bargain counter prices is in inverse ratio to the price. This has been pointed out many times, and need hardly be stressed again.

To take only random examples which probably do not include the extremes, return works out at approximately 10% for Dome, Hollinger and Macassa; 12% for Wright-Hargreaves; 14% for Kirkland Lake. It would take a bold man to talk blue ruin about these mines.

Three junior golds, at least, made history in their returns for the month of June. Perron, Paymaster and Francoeur all established new highs in the value of bullion produced. In terms of bullion sold, Madsen Red Lake did likewise, but officials point out that this was in part due to a clean-up of the tube mill. There may have been others, either yet to report or which have already made record showings in July or the months immediately preceding. With the mines responding to the call for additional foreign exchange, it is a pretty sure bet that similar results will be fairly common in the not far distant future.

* * *

Iron for Tin?

From the United States comes announcement by a research chemist of a method for coating thin sheet metal. Such "Bachited" sheets are said to resist corrosion, and to have the strength and other attributes to make it a substitute for tin plate. The process, it is reported, has been offered as a possible sedative for the headache now being caused in that country—and in this—by not inconceivable disruption of present sources of tin.

York Oils Reports Higher Income

Makes Heavy Write-off On Development and Depreciation

York Oils Limited reports net income for the fiscal year ended June 30 last at $50,234, as compared with $40,756 in the preceding fiscal year. After a heavy write-off against development and provision for depreciation of equipment, there remained a deficit for the year of $29,057, as against a net profit of $2,446 in 1938-39.

An option previously held on L.S.D. 5, section 20-18-2w5, from Okalta Oils Ltd. has been relinquished. Drilling depth of approximately 8,500 ft. was excessive, officials state, with the added danger of water intrusion. Negotiations are in progress with Okalta to obtain favorably situated acreage when times are suitable.

Directors express the opinion that when the opportunity arises, consideration should be given to obtaining moderate acreage in semi-proved or likely areas where drilling depths are less than in Turner Valley.

Balance sheet of the company as at June 30 showed current assets of $5,685, against current liabilities of $25,824. Cash deposited with the trustee against sinking fund requirements for the 6% debentures was $861. There was a deferred liability of $88,803, made up of $12,658 remaining unpaid in respect of the drilling of No. 1 well, and $76,145 in respect of No. 2 well. These amounts are individually contingent upon the production of the respective wells.

Debentures outstanding at June 30 totalled $200,000. The company was the first to finance the drilling of a Turner Valley well in this way. A retirement fund set up against these debentures calls for redemption to the extent of net earnings available, of not less than $40,000 principal amount in each calendar year.

YORK OILS LIMITED
Income and Surplus Account

	July 1 1939 to June 30 1940	Sept. 9 1938 to June 30 1939
	$	$
Gross production	92,648	70,911
Less: Gross roy.	23,642	17,617
Oper. exp., etc. ...	9,750	7,408
Net production	59,256	45,886
Less: Gen. & admin. exp.	9,177	5,176
Add: Other income ..	155	46
Net income	50,234	40,756
Less: Provn. for devel.	68,424	35,466
Depreciation	2,867	1,108
Depletion	......	1,046
Debent. interest ...	6,000	......
Income taxes	......	690
Deficit for year	29,057	*2,446
Less: Prev. surp.	2,446	......
Deficit forward	26,611	*2,446

* Surplus.

Pato and Asnazu Report Output

Placer Development, Ltd., has issued a production statement for two of its associated companies covering the first quarter of their current fiscal year. These are Pato Consolidated Gold Dredging, Ltd., and Asnazu Gold Dredging, Ltd., both operating in Colombia, South America.

Pato Consolidated recovered 27,185 oz. fine gold from dredging 3,704,000 cu. yds. of gravel and 3,884 oz. with hydraulic units in the three months to Aug. 1. Total production was $1,087,415, U.S. funds.

Asnazu Gold Dredging recovered 3,262 oz. fine gold from treatment of 241,000 cu. yds. in the same period or $114,170 U.S. funds.

Due to a change in the fiscal year, comparative figures for the preceding three months are not available. Pato Consolidated production in two months ended Apr. 30 was valued at $686,315, obtained from 17,036 oz. recovered in treating 2,812,000 cu. yds. of gravel and 2,573 oz. recovered with the hydraulic units. Production of Asnazu Gold Dredging in the same period was 2,676 oz. fine gold from handling 188,500 cu. yds., equivalent to $93,660 U.S. funds.

Oro Plata Holders Approve Merger

Oro Plata Mining Corp. shareholders at the special general meeting gave unanimous approval to proposals placed before them by the management for amalgamation of Oro Plata and T. L. & B. Ltd., a privately owned concern, into a new company, Transcontinental Resources Ltd.

One share of Transcontinental Resources is to be given for each share of Oro Plata. Shareholders also have a preferential right up to Aug. 31, 1940, to purchase 5% convertible debentures of the new company. The entire debenture issue of $600,000 has been underwritten, to be offered at par.

Assets of the new company include substantial interests in gold, iron, pulpwood, potash and oil properties. Immediate income is in excess of debenture interest requirements, and income of $75,000 is estimated for the second year of operation, according to an official statement.

Nat. Malartic Gets Results

Company Reports on Extensive Underground Developments

Underground work at National Malartic is confirming the promise given by earlier diamond drilling, according to a progress report issued by H. S. Kennedy, mine manager.

Drifting has been carried both east and west on the 350-ft. level, established by a crosscut from the Sladen Malartic No. 2 shaft. Results to the east show 175 ft. averaging $6.90 across 7.2 ft., with approximately 11 ft. of $1 ore included. At the east end, where the porphyry went around to the south and left the drift, about 50 ft. remained before the Sladen boundary would be reached. Drifting in this direction may be halted at that point.

Cross cutting through the ore body to the east at one point showed 20.8 ft. grading $7.10. Back sampling across the drift, including the crosscut, yielded $5.18 for 33 ft. Face sampling in the drift and crosscut showed 27.8 ft. grading $7.44 per ton. Total length of the ore body is approximately 300 ft.

Four flat drill holes were put out as a test of width. Two of these gave low values. In the third, an average grade of $4.59 was indicated across 29.8 ft. and in the fourth, $2 grade was shown for 16.7 ft. In the latter, however, sludge assays showed $9.80 for 5 ft.; $10.50 for 5 ft.; and $83.33 for 10 ft. Six more holes are planned. Erratic nature of the results will require checking sections of the core, and crosscutting may prove desirable.

Drifting to the west shows 100.5 ft. of ore, including 58.9 ft. grading $3.25 across 6.9 ft. and 41.6 ft. grading $5.17 across 7.3 ft. These two sections include that previously reported as showing $6.84 across 7.1 ft. for a length of 45 ft. Crosscutting at the western end showed ore averaging $7.34 per ton across a width of 14.6 ft.

Exploration at depth is planned through a series of 45-degree drill holes from the main crosscut. These should intersect the main ore body at an approximate depth of 600 ft.

The east drift is now being driven to check the intersection of diamond drill hole S22, which gave 50 ft. grading $6.85 per ton. At last report, face of the drift was in the porphyry.

The company has recently purchased a mucking machine, in order to facilitate underground work.

Goldbanks Opens

Two New Veins

Two new veins have been disclosed on the Goldbanks Mines property in the Kirkland Lake area. Results of surface work and trenching show a five-foot channel assay grading $5.40, with another new find 60 ft. to the south yielding $6.80 over 5 ft. Seventy feet north of No. 7 drill hole, values of $11.20 were disclosed across 11 inches, according to a progress report appearing over the signature of Benjamin Allen, president.

Holdings of the company have been increased from 300 to 415 acres. This was done by acquiring two additional claims, adjoining the original property to the south.

Previous drilling on the property has been surveyed, and maps prepared. Next step planned is a series of six diamond drill holes, to explore underground to depths of from 800 to 1,600 ft.

Thompson-Lundmark is reported to have completed arrangements which will bring its property into production. Under these arrangements, the mill from Consolidated Smelters' Cordova property in south-eastern Ontario will be transferred to the Yellowknife property. The Cordova mill, capable of treating 100-150 tons daily, was recently closed down.

Week in Oils

From Our Own Correspondent

CALGARY.—Reflecting the greatly improved marketing outlook for Alberta oil and the prospect of higher oil prices, operators are already laying plans for sharply increased drilling activity in Turner Valley and other Alberta proved and prospective oilfields.

In Turner Valley, which has 18 wells now making footage, at least half a dozen new tests are to commence during the coming month, while a further dozen or more sites have been selected for drilling later in the fall.

This programme, which will do somewhat more than replace drilling tests nearing completion, is expected to be further augmented when the Dominion Oil Controller implements his plans to increase drilling activity by ensuring a greater flow of new money for oilfield development.

* * *

Others Also Busy

In other parts of Alberta activity is also on the increase. Independents, financing in large part by sale of royalties, have commenced operations in the Clearwater, Moose Dome, Twin River, Del Bonita and Vermilion-Lloydminster areas. The E. L. Cord-Myron Zandmer interests are reported embarking on a programme involving 10 wells in the Vermilion field and further tests in the Twin River and Spring Coulee fields. Three "majors" — Imperial Oil, McColl-Frontenac and Standard of British Columbia—are pushing both surveys and drilling operations, Imperial working at Grease Creek and in the Lethbridge area, McColl-Frontenac at Moose Dome and Standard at Steveville. A fourth "major," British American Oil Co., is busy drafting plans for a drilling programme that is expected to include a "wildcat" or two in addition to participation in Turner Valley wells.

All in all, Alberta oil operators, large and small, have been greatly encouraged by the Dominion Government's attitude toward oil as an "exchange-saver," and are prepared to do their part in helping Oil Controller Cottrelle make good on his statement: "If the industry can get the production, a market can be found for it."

* * *

Test New Area

Final location has been staked for the first test of the large and promising undeveloped area of Turner Valley lying between the most northerly central flank and the most southerly north end producing wells. The new test is Anglo Canadian Phillips No. 2, to be drilled in lsd 9-35-19-3w5, three quarters of a mile northwest of Argus Royalties 1, most northerly central flank producer, and nearly four miles south and east of the most southerly north end producers, Anglo Phillips 1 and Royalite 43.

Work on the location is to be started immediately. The rotary rig from Anglo Phillips 1 will be used, with Drilling Contractors Ltd. doing the drilling. The new location replaces that previously selected in the north end, offsetting Anglo Phillips 1 to the west.

Anglo Phillips 2 is the first of a scheduled series to be drilled by the Anglo Canadian Oil on a 200-acre block on the central flank recently optioned under a development agreement from Phillips Petroleums Ltd. The acreage comprises lsd 9 35-19-3w5 and the southwest quarter of section 36-19-3w5. Net production will go to Anglo Canadian Oil until cost of drilling has been recovered, and will thereafter be shared 72½% by Anglo Canadian and 27½% by Phillips Pete. Gross Royalties against the lease total 20%, including 10% to the Alberta Government and 10% to others.

* * *

To Start Soon

Drilling permit has been issued for the Twin Valley Syndicate No. 2 well, to be drilled in lsd 10 13-19-3w5, quarter of a mile west of Twin Valley 1 (now drilling at 5,780 ft.), quarter of a mile south of Arrow 2 (now drilling at 6,160 ft.) and just over a quarter of a mile southwest of Arrow 1, big central flank discovery well with a present quota of 800 bbls. The well will be commenced as soon as a rotary rig is available from either the Twin Valley 1 or Arrow 2 wells. Like Arrow and Twin Valley 1 wells, the new venture is sponsored by Francis P. Byrne and associates. The site is on C. & E. Corporation land and is subject to 12½% gross royalty to this company.

* * *

New Offset

Financing arrangements for a new well to offset big north end producer Alberta Oil Incomes 1 have been completed, and it is expected that work on the lease will get under way immediately. The well, to be drilled in lsd 5 34-20-3w5, is to be known as Major Oil Investments Ltd. No. 1. It is backed by the Cross-Schultz group who sponsored the Alberta Oil Incomes wells.

* * *

Derrick has been completed at location for Royalite No. 53 in lsd. 4 19-19-2w5, offsetting Arrow 1 to the northeast, and cellar has been completed at location for Royalite No. 54 in lsd 1 7-19-2w5. It is expected that Royalite 53 will be spudded in about Sept. 1, using the rotary rig now in use at Southwest 4. Royalite 54 will probably spud in October, using the rotary now in use at Royalite 52.

* * *

Clearwater Test

The Clear Oils Ltd. test on the Clearwater structure was spudded in this week. The location is about two miles north and slightly west of the Altoba-Canyon test-hole, a 2 in. test that encountered very encouraging oil and gas horizons in the Devonian limestone. Clear Oils Ltd. recently completed road and bridges into its well site, and wasted no time getting its test under way. A 6⅝ in. hole will be carried into the Devonian limestone, with production looked for between 1,700 and 3,500 feet.

A McColl-Frontenac Oil Co. crew is now working on a road into the company's property on the Moose Dome structure, 45 miles southwest of Calgary, and it is expected drilling equipment can be moved in about two weeks time. Definite location for the company's first drill-test has not yet been announced, but reports from the field state that the well will probably be drilled about three miles upstream from the Moose Oils No. 1 gas well along Canyon Creek. The well is to be drilled with rotary equipment. Contract for the test is now being arranged.

* * *

Still Hunt Formation

After penetrating some 650 feet of Fernie formation, the Alliance No. 1 test on the Mill Creek structure was still looking for the Madison limestone last week end. The rotary bit on Monday was below 6,371 feet. The confirming of the Poker Chip shale at just under 5,900 ft. and the fact that the formation samples through the Fernie show no sign of any faulting, leave officials confident that the Madison limestone objective will follow in normal sequence below the Fernies.

Thorough testing of a promising seventy foot gas sand between 8,480 and 8,550 ft. at the Home Oil Brazeau test got under way this week, following installation of high pressure fittings and control equipment. The sand is the deepest of three potential oil and gas sands found below 8,160 ft. While only short tests have been made to date of this sand, unofficial sources estimate recovery of light crude oil of 56 gravity at the rate of a barrel an hour, plus a flow of wet gas saturated with natural gasoline at a rate of some nine million cu. ft. daily.

Mining Concentrates

Bonetal Gold Mines reports a possible ore zone in a hitherto unexplored area. This is in the greenstone, within 200 to 300 ft. off the contact. Drill holes 18, 20 and 21 showed 7 ft. averaging 1.04 oz., 3.1 ft. averaging 0.13 oz. and 9.8 ft. averaging 0.68 oz., respectively. It is stated that these intersections may line up. No. 22 hole 100 ft. west of No. 21 is seeking further extension. Previous drilling for 420 ft. west of the east boundary indicated an average width of 6 ft. and uncut grade 0.30 oz. in 11 holes. This zone is in the sediments a short distance south of the contact, or 250-350 ft. south of the new showing in the greenstones. All values referred to are in the Hoyle-Pamour-Broulan-Hallnor structure, which crosses the Bonetal property for about 2,800 ft. A second drill has been added to speed up exploration.

* * *

Bulolo Gold Dredging reports estimated operating profit for July at $281,610, Canadian funds, against $262,745 in June. Production was 13,822 oz. compared with 15,994 oz. in June and 13,053 oz. in July 1939. Gravel treated was 1,545,000, 1,432,000 and 1,435,000 cu. yds. in the respective months.

* * *

Berens River July production as reported showed considerable increase over June.

1940:	Tons milled	Tons daily	Recov. per ton	Total recov.
			$	$
July	6,975	225	15.80	110,189
June	6,645	222	15.58	103,500

* * *

Cariboo Gold Quartz has declared an extra of 2 cents per share, payable along with the regular quarterly disbursement of 4 cents per share on Oct. 1, to shareholders of record Sept. 4; ex-dividend Sept 3. Similar dividend and extra were paid July 2, last.

* * *

Chesterville Larder Lake has retired its bank loan. Final payment of $30,000 was made Aug. 15. Production figures for July in comparison with June follow:

1940:	Tons milled	Tons daily	Recov. per ton	Total recov.
			$	$
July	17,571	567	6.99	122,838
June	18,632	621	6.70	124,782

* * *

Cheminis Gold Mines property at Larder Lake has indicated ore totalling over 321,000 tons, average grade $6 per ton, the company states. Suspension of work by Consolidated Mining and Smelting Co. was recently reported, after expenditure by that company of $201,343. Half of this amount was a loan repayable out of production, the balance being provided through 1,132,408 shares taken down under option. There remain 217,601 shares in the Cheminis treasury, out of 3,000,000 authorized.

* * *

Faymar Porcupine estimates recovery for four months since commencement of milling at $182,407 from 22,372 tons of ore. Average recovery was $8.15 per ton, at an approximate rate of 183 tons daily. Present milling rate is stated to be about 200 tons daily.

* * *

Golden Gate shareholders have approved issuance of capital stock at a discount up to 95%. While this authority covers 2,000,000 shares recently created by supplementary letters patent, there is no present intention to issue more than the 500,000 shares required to pay for the former Crescent Kirkland property, the company states.

* * *

Hollinger Consolidated has declared a dividend of 5 cents per share, payable Sept. 9 to shareholders of record Aug. 26; ex-dividend Aug. 23.

* * *

International Mining Corp. has reacquired another 100 shares of its own capital stock, at a cost of $382. Total re-acquired since April 30, 1940, is now 25,900, at an aggregate cost of $134,662. Issued capital is 516,973 shares, of which 491,073 are now outstanding and 25,900 held in the treasury for retirement. The quarterly dividend of 10 cents per share, U. S. funds, has been declared payable Sept. 20, to shareholders of record Aug. 31; ex-dividend Aug. 29.

* * *

Kerr Lake Mines annual meeting is to be held at the New York office, 61 Broadway, Sept. 23, 2.45 p.m.

* * *

Jellicoe Mines announces permanent suspension of work at the Long Lac property. Objective in development was reached, and results do not justify further expenditure, the company states. Plant and equipment is to be sold, and it is expected a balance sheet will be prepared when this has been completed. Future of the company has not yet been determined.

* * *

Lake Shore Mines has declared a dividend of 50 cents per share, payable Sept. 14, to shareholders of record Aug. 31; ex-dividend Aug. 29. The payment is subject to approval of the Foreign Exchange Control Board.

* * *

Macassa Mines reports a slight increase in July production, as compared with the preceding month:

1940:	Tons milled	Tons daily	Recov. per ton	Total recov.
			$	$
July	12,710	410	17.30	219,838
June	12,514	417	17.27	216,140

* * *

Naybob Gold Mines showed June and July production as follows:

1940:	Tons milled	Tons daily	Recov. per ton	Total recov.
			$	$
July	4,616	149	10.45	48,219
June	4,520	151	10.60	47,907

* * *

Privateer Mine has decided to drop its option on Proserpine, after receiving reports of engineers who examined the property. July production valued on the basis of $35 gold, with comparative figures for June, was as follows:

1940:	Tons milled	Tons daily	Recov. per ton	Total recov.
			$	$
July	2,609	84	32.70	85,307
June	2,639	88	32.23	85,065

* * *

Preston East Dome increased its daily average to 526 tons in July. There was some reduction in grade, but total recovery was up. Comparative figures follow:

1940:	Tons milled	Tons daily	Recov. per ton	Total recov.
			$	$
July	16,318	526	11.51	187,790
June	14,853	495	12.15	180,489

* * *

Upper Seine is reported to have a new vein approximately 4 ft. wide with satisfactory mineralization. This parallels veins under development and can be mined from the main shaft, it is stated.

* * *

Ymir Yankee Girl gross production for July is estimated at $38,704 with net after marketing charges of $30,778. Comparative June figures are given as $33,762 and $27,564 respectively.

Earnings 12c. at Spud Valley

Also Pays Off Mortgage in First Full Year of Operation

Spud Valley Gold Mines Ltd., operating in the Zeballos area, B.C., showed a net profit of $262,218 in the first full year of production. This is the equivalent of 12 cents per share on the 2,100,000 shares outstanding. An initial dividend of 2 cents per share was paid July 10.

The company ended its fiscal year May 31 last in a strong liquid position. Final payment had been made on the $350,000 mortgage, and cash alone amounting to $37,899 was in excess of total current liabilities of $32,171. Other current assets included bullion and concentrates, $35,127 and smelter settlements outstanding $13,156.

Ore reserves at May 31 were estimated at 94,336 tons, with average grade 0.319 oz. per ton. All veins were expanded to a 3-ft. width in this estimate, while developments on the 6th and 7th levels were not taken into consideration.

Tons milled during the company's fiscal year totalled 24,029 for recovery of $662,826, an average of $27.58 per ton. Waste sorted was 21,646 tons, with a somewhat larger percentage taken out in the second half of the year than in the first. Currently, waste is running around 50%.

Dilution is greater at depth in the Goldfield vein, P. F. Knight, president of the company, states. This is due to greater strength and fracturing, considered geologically as a favorable indication. More care in sorting is required, however, to maintain millheads. The company has accordingly installed an improved washing and sorting plant, permitting a greater tonnage of ore as mined to go to the mill. Gross monthly production is expected to be larger as a result.

SPUD VALLEY GOLD MINES
INCOME AND SURPLUS ACCOUNT
Year Ended May 31, 1940

	$
Metal production	662,825
Less: Trans., ref. & mktg.	22,514
Development	56,337
Mining	123,047
Milling	61,987
Gen. exp. at property	20,807
Admin. & other gen. exp.	21,658
Net operating income	356,475
Less: Mtge. interest	7,439
Mtge. discount	18,071
Devel. chgs. w/o	22,824
Depreciation	31,546
Provn. for taxes	14,377
Net profit & surplus	262,218
Add: Previous surplus	89,720
Surplus forward	351,938
Earnings per Share	$0.12

Note:—The company's auditors reported that due to uncertainty, no provision had been made for excess profits taxes.

Working Capital

Current assets	101,366
Current liabilities	32,171
Working capital	69,195

QUEBEC INCOME TAX

From Our Own Correspondent

MONTREAL.—Quebec income tax levy of 15% of the amount payable to the Dominion Government must be remitted before Sept. 1.

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Cournor Hints New Ore Zone

Drilling and underground work on the Cournor property of Cournor Mining Co. indicates a possible new ore zone, according to a statement issued by F. C. Buckland, manager.

This zone lies about 300 ft. west of the long crosscut north of the shaft. Immediate drilling from the surface with a number of machines is planned to explore the area.

In the Beaufor mine, underground drilling during July indicated the occurrence of several more ore bodies within the ore zone.

Production in July was obtained from picked ore, of which 36% came from the Cournor shaft and 64% from the Beaufor. In June, 40% came from the Cournor. Comparative figures follow:

1940:	Tons milled	Tons daily	Recov. per ton	Total recov.
July	6,014	194	8.57	51,540
June	6,063	202	8.45	51,262

Dome Dividend Now In Canadian Funds

Dome Mines Ltd. has declared a quarterly dividend of 50 cents per share, payable in Canadian funds. This marks a change in the dividend policy as payments hitherto have been made in U. S. funds.

The company has announced that arrangements will be made to enable shareholders residing in the United States to convert their dividend cheques into U. S. currency at the official rate of the Canadian Foreign Exchange Control Board.

Payment of 50 cents in Canadian funds will be made Oct. 21, to shareholders of record Sept. 30. The stock will sell ex-dividend on Sept. 27.

KELVINATOR PAYS 50 CENTS

Kelvinator of Canada, Ltd., has declared a dividend of 50 cents a share on its common stock, payable Sept. 20, 1940, to shareholders of record September 5. This will be the second payment of 50 cents for 1940. The company paid 50 cents a share for 1939 and 75 cents for 1938.

Good Business For Celanese

Operations at Capacity —Prospects for Remainder of Year Good

From Our Own Correspondent

MONTREAL. — Operations of Canadian Celanese Ltd. are proceeding at capacity, with fall bookings at a very satisfactory level, The Financial Post is informed. There are now more than 2,500 employed at the plant.

Because of a six-weeks strike at the Drummondville plant in May and June, results for the second quarter of the year were considerably less favorable than in the same period last year.

A certain number of the orders that would have been obtained at that time are deferred and are now being booked.. Prospects for business in the remainder are considered good. Inventory position of the trade supplied by Canadian Celanese is generally low, which has brought about excellent demand for the company's products.

Prospects Good

First quarter of the current year was considerably more satisfactory than the same quarter last year, with earnings on the common stock amounting to $1.34 a share before "excess" profits tax, compared with 60 cents a share in the same quarter last year. Earnings for the second quarter will be on a lower level, but it is considered highly probable that results for the entire year before taking into consideration effects of the "excess" profits tax will be better than in 1939.

Net results, however, are highly hypothetical. It is virtually impossible accurately to gauge the effect of the "excess" profits tax on earnings.

In 1939 the company showed net profit of $2 millions, equivalent to earnings on the common stock of $4.7 a share. This compares with $1.3 millions and $1.71 in 1938.

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Particulars of refinancing.

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Throwing the Burden on the Nation

Effect on Dominion Finances of Adopting Recommendations of Rowell-Sirois Report

Herewith The Financial Post continues its special series of articles outlining and analyzing particular aspects of problems dealt with in the report of the Rowell-Sirois Commission.

Implementing the main recommendations of the Royal Commission on Dominion-Provincial Relations would weigh most heavily upon the Dominion authority.

Reallocation of some functions of government and financial relations between the Dominion and provinces would make the senior government an instrument of adjustment and control.

Under this plan the Dominion Government would become a financial reservoir, feeding the provincial tributaries, helping them maintain their services at a predetermined level. The province would, in turn, contribute certain existing revenues to establish the stabilizing factor.

Dominion to Bear Cost

The outgo from the reservoir would be greater than the inflow to the extent of about $40 millions annually, based on the 1936-39 average. This net cost to the Dominion is arrived at by assuming that all unemployed employables were cared for by direct relief at the existing scale. The estimate does not make any provision for the amortization of provincial and Quebec municipal debt to be assumed.

The factors which weight this arrangement or series of arrangements against the Dominion Government are shown in the following main recommendations:

Under this scheme the Dominion Government would

1. Assume the entire burden of relief of employable unemployed and dependents.
2. Assume direct and indirect provincial debt. In the case of Quebec, either net debt service or 40% of the combined net provincial debt and municipal debt would be assumed by the Dominion, whichever is larger.
3. A system of national adjustment grants would be established to provide social services of at least average Canadian standards. A system of emergency grants would be framed under the jurisdiction of an independent commission.

The Dominion Government would receive:

1. A fixed annual sum equal to the interest received by each province on its investments.
2. Exclusive right to collect income taxes, corporation tax and succession duties.
3. All existing subsidies would be dropped.

One exception is that the provinces would retain 10% of the corporation taxes collected from mining and oil producing companies, where the natural wealth of the province is involved.

Extreme fluctuations in Canadian public finance would be thrown on to the Dominion Government.

This increased control is considered desirable by the Commission "if fiscal, monetary and economic policies are to be co-ordinated with a view to reducing Canadian overhead costs and to minimizing and helping control the swing of the business cycle."

Adjustment Grants

The main feature of this proposed transfer system is the establishment of a system of national adjustment grants. These grants to provinces would be determined every five years by an independent advisory commission.

The grant would be adjusted upward, for instance, when a provincial government showed to the satisfaction of the Commission that it could not maintain average Canadian standards of service without excessively increasing taxation in the provinces and municipalities.

Financial Committee

The committee constituted to make the investigations would be empowered only to make recommendations to the Dominion Government.

It would also investigate the necessity for emergency grants. These emergency grants would be made from year to year, subject to reduction or increase as circumstances warranted.

The proposals are designed to provide a more equitable distribution of social services and governmental burdens with a fiscal policy directed toward stimulating rather than depressing national income.

Because some of the effects are intangible, it is difficult accurately to assess the exact effect of the proposed changes upon the Dominion's budgetary position.

Underwrite Provinces

Years of good business activity would find demands upon the Dominion reservoir low. In depression years, maintenance of the provinces would weigh more heavily. The provinces would avoid to a large extent the more serious economic repercussions.

Adoption would be a virtual guarantee of provincial security. Much of the provinces' income would be in fixed cash payments from the Dominion Government.

Budgeting would be simplified for the provinces to that extent. The Dominion would receive as its chief gain highly variable sources of revenue. Nor would the Dominion encroach on the field of provincial taxation without making compensatory adjustments.

If the immediate effect of the plan on Dominion finances would be adverse, what are the long-range benefits likely to accrue?

In addition to the greater stability that would be given to governments as a whole, there would be lower net debt charges, as refunding of existing debt at lower rates of interest became possible. It would be easier for the Dominion Government to effect economies incidental to refunding operations than the provinces generally. If the Dominion were to replace provincial issues by its own bonds and the refunding were undertaken at a rate of 3¼, reduction in total debt charges would be $5 millions annually by 1944 and $9 millions by 1949.

Drop in Relief Costs

The report foresees a drop in the out-of-pocket cost of unemployment.

The Dominion would be in a better position than existing authorities to derive maximum revenue from income taxes and succession duties. Minimum costs of collection would be obtained.

The Commission suggests the date for debt transfer be Dec. 31, 1939. All debt incurred by the provinces after that date would be the provinces' responsibility.

An agency would be set up for the technical control of the operation.

Methods of Transfer

Two methods of effecting the transfer are suggested.

1. An offering of new Dominion bonds in exchange for the presently outstanding provincial bonds. The new bonds would bear identical rates of interest and maturities.
2. Provincial bonds made callable at par or at the best selling prices between Jan. 1, 1939, and Dec. 31, 1939, whichever was higher.

In the first case, fortuitous profits would evidently accrue to the benefit of bondholders. A capital gains tax is therefore recommended to offset to some extent this inequitable situation.

The debt agency would receive an annual amount equal to the interest which the province received from its investments, including security portfolios, wholly-owned utilities, advances to commercially operated departments and other interest on profit-earning assets.

Cost of the Plan

The net cost to the Dominion on the basis of 1936-39 experience would be $40 millions annually, as previously stated. The gross cost of the plan to the Dominion, based on 1939 accounts, would be $131.5 millions. Provincial, corporation and inheritance taxes, less mining tax apportionment, would be $63.9 millions. Municipal income tax totalled $2.2 millions, which leaves a net cost to the Dominion Government of $46.2 millions.

A summary of the cost follows:

Costs to the Dominion
Fiscal Year Ended Nearest Dec. 31, 1939
(In $000's)

Prov. net debt service	58,828
Mun. net debt service	4,975
Prov. govt. relief	25,375
Municipal relief	17,608
Prov. & mun. relief works	12,851
Less. Savings in Dom. share if direct relief substituted for works	5,000
Net adjust. grants	14,900
Emergency grants	2,000
Grant total	131,537
Less: Subsidies	19,200
Gross cost	112,337
Prov. inc., corp. and inheritance taxes, less mining tax (10%)	63,903
Munic. inc. tax	2,225
Net cost to Dominion	46,209

Calculated on the same basis, net cost in 1938 would have been $39.9 millions; in 1937, $35.2 millions. The average for three years slightly over $40 millions.

The year 1937 might be considered well above the average of the past 10 years so far as economic prosperity is concerned. The other two years, however, could be considered subnormal.

If the plan were implemented, it would increase expenditure of the Dominion Government to this extent.

The report offers an alternative readjustment known as plan two which is essentially a continuation of present arrangements between the Dominion and provinces, except that the Dominion would assume responsibility for unemployed employables.

Plan II a Palliative

The Commission, however, clearly indicates its belief that such half measures are of no use. It declared:

> "It should be said immediately that this Commission is convinced that the only satisfactory approach is along the lines proposed in Plan I, and that palliatives which would merely produce a temporary and superficial equilibrium would at this stage in Canada's public finances be short-sighted because in the long run they would invite disaster."

Adoption of Plan I—the only suggested course—would make the Dominion responsible for more than 87% of all Canadian public debt.

The Sirois study presents a complete analysis of the debt position of all Canadian governments and the purposes for which the debt was incurred. Total debt of all governments, direct and guaranteed, less liquid assets, investment entirely self-supporting, etc., is shown in the following compilation.

Government Debts at 1937
(Not Directly Self-Supporting)

Incurred for:	Dom.	Prov.	Mun.	Total
	(in millions of dollars)			
Primary functions*	1,818	80	....	....
Less: Curr. surp.	1,233	....	....	....
Net total	585	80	225	890
Education	....	50	180	230
Devel. & transport †	3,250	975	275	4,500
Public welfare	420	235	175	830
Total debt	4,255	1,340	855	6,450

*Legislation, administrative, judicial, buildings and war expenditures.

†Railways, harbors, canals, power commissions, telephones, agricultural loans, etc.

At the end of 1937 total direct and guaranteed debt of all Canadian governments was $7,863 millions. But of this amount $1,413 millions was directly self-supporting. The real debt of all governments was therefore $6,450 millions.

While 30% of the national income has gone to government expenditure in the past few years this can in no way be taken as a gauge of the burden of taxation. In 1937 of total government expenditures of $996 millions, $406 millions went to inter-government transfers, such as relief, war pensions, etc. These functions cannot be considered in the same category as services, such as administration, legislation, education and development, which were accountable for $590 millions in the same year.

Heavier Deficits

It is obvious that Dominion deficits would be substantially increased by this proposed shift of debt, but it would be offset to some extent by the country's ability to carry out a programme of fiscal and monetary policies. The Dominion would be assuming the risk involved in a rise in interest rates and an unfavorable exchange rate on Canadian debt payable externally. The potential cost of this unfavorable exchange rate has been strikingly demonstrated since the outbreak of war.

The reallocation of taxing powers is one of the most important divisions of the plan.

The Dominion would have complete control over three basic instruments of taxation. It would be able to establish uniform income, corporation and succession duties taxes. It would be in a position to develop a taxation system to produce revenue more economically and achieve a much greater equality between taxpayers in different parts of the Dominion. The plan would also provide better services in the aggregate than if the provinces were left to raise taxes to meet the same situation.

The Commission's report suggests a broadening of the income tax base and the substantial increases in income tax levy in the lower and middle salary brackets. This is believed to be the most economical way to raise additional revenue requirements. Succession duties in the aggregate would also contribute a greater portion of revenue than at present.

The Dominion would acquire taxes which are largely national in character. Under present conditions wealth, which springs in many cases from the result of national policies, is concentrated in a few areas. This would to a greater extent be tapped for national purposes.

The steps recommended for the re-confederation are second only in magnitude to Confederation itself.

How Tax-Men Can Aid Mining

By GORDON M. GRANT
Staff Writer, The Financial Post

Allowance Clause Speeds Output in First Three Years

Heavy though the tax burden has been, Canadian fiscal policy is not without some good effects on the nation's mineral output.

The Dominion Government has officially adopted the policy of encouraging gold and base metal production as a vital part of Canada's war effort. So far, there is little indication of what all this "encouragement" is going to be or what it will amount to.

But examine some of the effects on Canadian mining of the general tax policy which has been in force for some years, especially of the "three-year exemption" allowance for new properties, and see the importance of the clause under the new and very much steeper levies.

On the present basis, new mines receive an exemption of three years from the 18% corporate tax so that only the "excess" profits tax must be paid, which works out at 12% of net profits or somewhat higher, depending on the individual mine. Older mines must pay 30% of their profits in taxation.

Take Profits Quickly

The present taxation policy brings a tendency for mining companies to realize as much profit as can be done by sound mining practice in the first three years of existence. This gives the Dominion Government a faster gold output—as desired—and the mining company pays less tax than would be the case later on.

There is also an increased desire for rapid expansion of milling facilities to get as much ore produced before the taxation step-up takes place. Allowance is made for adjustment of "standard" profits by taxation authorities if capacity and output are increased later on but operators seem to desire to get the profit as quickly as possible. There are also uncertainties about supply and other costs in the future.

Banks Helping Mines

Assisting in the programme of rapid expansion for new mines is the co-operation of banks in advancing money to mines with proved ore reserves. The bankers seem to have no fear for Hitler propaganda against gold. Recently it was announced that Hoyle Gold Mines would be assisted into production by bank advances. Senator Rouyn, it is understood, will have bank aid. Banks have been of great assistance in speeding up expansion, both by assisting in the building of mills and enlargement of mills already in operation. This, generally, has been good business for both. There is not a single known recent case of a bank having serious difficulty over a mine loan.

Start With Bigger Mills

One of the results of the present policy of taxation is for gold mines to start with relatively larger mills than would otherwise be the case. Of course, limited finances sometimes prevent installation of as large a mill as the company management would like to put in. But after production is reached, first profits available may be used for immediate expansion to get as much output as possible in the first three years.

Naturally companies which started production just recently have the most to gain in the future with exemption from corporate taxation.

Position of Porcupine

The Porcupine area has six producers which are exempt from corporate tax since they have entered production since Jan. 1, 1938. Faymar Porcupine is the latest producer and, theoretically, has the most to gain from corporate tax exemption with continued profitable operation. Production was commenced March 28. Aunor Gold Mines commenced production two months earlier on Jan. 17 and will have more than two years' exemption after this year. Broulan Porcupine Mines came into production Nov. 4, 1939, De Santis Porcupine started in May, 1939, and Hallnor Mines turned over on June 10, 1938.

Moneta Porcupine Mines came into production Jan. 1, 1938 so that its exemption from corporate taxation will expire with the end of this year.

Malartic Area Helped

There appears little doubt that corporate tax exemption has been an important factor in the growth of mines in Malartic. Three of the area's four producers have been brought into production since the legislation was passed.

The first of these was East Malartic Mines which started production Nov. 1, 1938. It will continue to enjoy exemption until Nov. 1, 1941. If this company had not had exemption from corporate tax it appears doubtful if output and profits could have been stepped up nearly as rapidly as has proved the case.

Sladen Malartic started operations on Feb. 1, 1938, and its exemption continues until the end of next January. Malartic Gold Fields is the area's latest producer and the corporate tax exemption is expected to be of more benefit to it in the future than to either East Malartic or Sladen Malartic. Further expansion of output is planned

Cochenour In Red Lake

The latest producer in the Red Lake area is Cochenour Willans Gold Mines which turned over its mill last December. Profits in recent months have been higher than anticipated and the corporate tax exemption will be particularly valuable. It appears likely development will be pressed to prepare the mine for greater production than at present. The mill has a capacity of 250 tons daily with only 150 tons now being treated.

Madsen Red Lake Gold Mines and Hasaga Gold Mines also have corporate tax exemption, starting production in August and November, 1938, respectively.

Four in L. L. L.

The Little Long Lac area has a total of four producers which are securing the 18% corporate tax exemption. Hard Rock Gold Mines started production on Jan. 1, 1938 just late enough to qualify for the exemption which expires at the end of this year. The following month Tombill Gold Mines came into production and MacLeod-Cockshutt Gold Mines followed in April. Magnet Consolidated Mines (1936) started production last July and has still two years for its tax exemption to run.

Four For Cadillac

In the Cadillac camp in Quebec. four more producers can take advantage of the exemption. Lapa Cadillac Gold Mines started production in July, 1938, but the margin of profit so far has not been great enough to make the exemption an advantage. Pandora Cadillac Mines has just started treatment of ore at its newly acquired Amm mill and the exemption will be secured on any profits realized. Central Cadillac Mines started using the old Thompson Cadillac mill last November and thus enjoyed the exemption. Wood Cadillac is the area's latest company to turn over a new mill, starting last December.

Larder Participates

Two of the Larder Lake area's three producers have come into production since Jan. 1, 1938, Kerr-Addison Gold Mines and Chesterville Larder Lake Gold Mining Co. Kerr-Addison started milling more than a year earlier than Chesterville, turning over its mill on May 2, 1938. Chesterville started production in June, 1939.

Kirkland Lake has depended more on old producers to expand its output than on new mines. Only two new mines have started production in the area since Jan. 1, 1938: Upper Canada Mines and Golden Gate Mining Co. Both started production in 1938, Upper Canada in November and Golden Gate the preceding October.

Other Producers

In the western part of Ontario, Uchi Gold Mines started production in May, 1939, and has nearly two years left for tax exemption. Berens River in the Favorable Lake area started milling last September. The O'Brien subsidiary, Cline Lake Gold Mines, started production in July, 1938, and its exemption will continue to July next year.

In eastern Ontario, Cordova Mines started milling recently.

On the British Columbia coast, Gold Belt Mining Co. has been taking advantage of the exemption from taxes. The company's mill was first turned over in October, 1938.

Buena Vista started production in March, 1938.

All three producers in the Zeballos area, Privateer Mine, Central Zeballos and Spud Valley Gold Mines are in the tax benefit category. Privateer, the first producer in the area, turned over its mill in September of 1938, and Spud Valley came into production just two months later. Central Zeballos started production in January of this year so that the company will be exempt right up to the end of 1942.

Mining Enquiries

Hudson Bay M. & S.

What has been the effect of war on Hudson Bay Mining and Smelting?

Hudson Bay Mining and Smelting Co., Ltd., in the six months ended June 30, 1940, showed net earnings, after deducting all operating costs, including administration, depreciation and taxes, but before depletion, of $2,610,782. This is equivalent to 95 cents per share on the common stock. During the period, 914,436 tons of ore were milled. In the first half of 1939, net earnings of $2,243,991, or 81 cents per share, were shown from the milling of 821,309 tons of ore.

Earnings per share in the year ended December 31, 1939, were $1.90. This compares with $1.61 in 1938, $2.72 in 1937, and $1.34 in 1936.

Dividends have been paid in recent years semi-annually in June and December. Latest payment was $1 per share on June 10 last. Payment in 1939 totalled $1.75, in 1938 $1.50, in 1937 $1.75 and in 1936 $1.

Ore reserves when last estimated at the close of 1938 were sufficient for more than 16 years operations.

The company's output of copper and zinc, after providing for estimated domestic requirements, has been sold under contract to the British Ministry of Supply at prices substantially those prevailing at the outbreak of war. This contract now runs to Sept. 30, 1942.

Waite Amulet

What is the latest report on Waite Amulet?

Waite Amulet Mines, Ltd., in its report for six months ended June 30 showed estimated net profit of $425,712, as compared with $101,121 in the corresponding period in 1939. Earnings per share were 12.9 cents and 3 cents respectively. Metal recovery was $1,992,754 in the first half of 1940, against $1,100,794 in the first half of 1939.

An initial dividend of 10 cents per share was paid July 25. James Y. Murdoch, president, states that the company is in a strong financial position and, barring unforeseen developments, it is hoped a further dividend may be paid before the close of the year.

Most of the coppper produced by the company is being sold under contract to the British Ministry of Supply at a relatively fixed price. The term of this contract was recently extended to Sept. 30, 1941.

July 31, 1940, the mill was treating approximately 1,000 tons of ore daily, of which 850 tons were coming from the Waite Mines and 150 tons from the lower A ore body. The latter is now being hoisted up the new central shaft. The lower A is the important new ore body, which has been under development during the last two years.

Officials state that mill production will be raised and the proportion of ore from the Waite Mines reduced as development makes more ore available from the lower A ore body. By October next the mill is expected to be treating about 1,200 tons daily, approximately half of which will be from the lower A ore body.

Nickel, Noranda, Hollinger

What is the current position of International Nickel, Noranda and Hollinger?

The three mining companies to which you refer have issued statements showing results of their operations in the six months ended June 30.

International Nickel showed net profit in the first half of this year of $18,060,293, or $1.17 per share on the outstanding common stocks. This compares with earnings of $1.15 per common share in the corresponding period in 1939. You will see from these figures that not only did the company more than earn its dividend requirements of $1 per share in the half year, but also showed some improvement over results for the same period in 1939.

Noranda Mines, Ltd. showed an estimated net profit of $5,177,719 in the first half of 1940, against $5,330,654 in the first half of 1939. This is the equivalent of $2.31 in 1940, and $2.38 in 1939. While results for the first half of 1940 showed some reduction from the 1939 figure, there remains a comfortable margin after dividend requirements of $2 per share.

Both of these companies are important producers of copper and sell the greater part of their production of this metal to the British Ministry of Supply. As the contract price was fixed at approximately that prevailing on the outbreak of war, income from copper sales should be comparatively stable during the period of the contract.

Hollinger showed estimated net profit in the six months ended June 30 of $2,968,431, as against $2,522,381 in the first six months of 1939. This gives earnings per share of 60 cents in the 1940 period, 51 cents in 1939. The increase in earnings is attributable at least in part to the higher price received for gold, through the premium existing on United States funds. Dividend requirements of 55 cents per share were fully covered in the first half of 1940, as in the full year 1939; even though earnings were slightly under 55 cents per share in the first half of 1939.

The shares of each of these three companies are highly regarded as an investment medium and offer substantial yield at present prices.

Beresford, Hutchison Lake

What can you tell me about Beresford Lake, Hutchison Lake and Woco Gold Mines?

Beresford Lake Mines holds approximately 376 acres in the Beresford Lake area in Manitoba. A mill of 50 tons daily capacity is on the property. During 1938, production of $62,000 was reported. In 1939, diamond drilling south of the main working to a depth of 250 ft. revealed four new veins carrying ore lenses, varying in width from eight to nineteen feet, with an overall length of 400 ft. These were estimated to contain some 150,000 tons of ore, to a depth of 250 ft.

Milling was resumed late in February of this year, and in March operations were at the rate of 43 tons daily. Detailed reports of production are not available, but two bricks are understood to have been poured, with a combined value of some $6,300

Capitalization consists of an authorized 3 million shares, no par value, of which 2,200,007 shares were outstanding at the last report.

Hutchison Lake Gold Mines Ltd. owns approximately 686 acres at Hutchison Lake, in the Little Long Lac area, Ontario. A shaft has been sunk to 250 ft., with about 3,000 ft. of cross cutting and drifting completed on two levels.

An agreement was recently completed whereby the company will ship ore to the mill of Magnet Consolidated Mines for treatment. It is estimated that there are approximately 10,000 tons of high grade available, of which 4,000 to 5,000 tons are on the surface, and 6,000 to 7,000 tons underground. The workings are to be dewatered and an attempt made to open further ore as conditions warrant. Authorized capitalization is 3 million shares, $1 par, of which 2,964,355 shares were outstanding December last.

Woco Gold Developments own 65 claims in the Uchi Lake area in Ontario. Of these, 41 claims have been optioned to Northern Canada Mines. The company also owns or controls 127,000 shares of Uchi Gold Mines Ltd. In May cash on hand was approximately $17,500. The balance sheet as at Feb. 29, 1940, showed issued capital of 1,700,005 shares out of a total authorized capitalization of 3 million shares, $1 par.

B. C. Launching New Oil Quiz

Province Engages Touche & Co. to Make Survey

From Our Own Correspondent

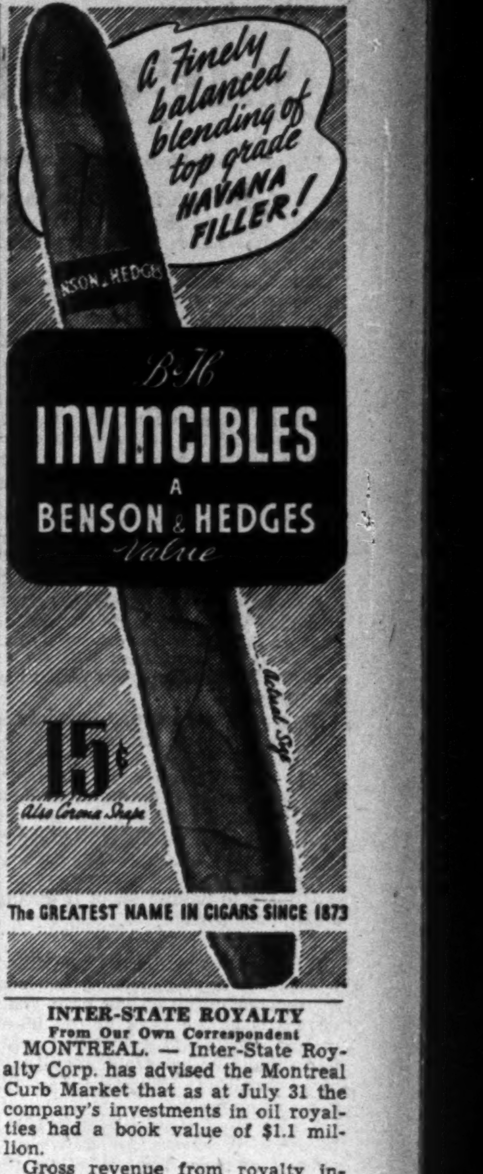
VANCOUVER.—Marking another step in the long and somewhat involved series of regulatory measures invoked by the British Columbia Government against the petroleum industry, a new enquiry has been ordered into the profit and loss position of the companies engaged in the oil business in the province.

The firm of George A. Touche & Co., chartered accountants, has been engaged to make the survey.

Companies affected are Imperial, Shell, Standard of B. C., Home, Hiway, General, Signal and Union.

The survey follows representations made by the companies to the effect that increased costs since the war have justified an increase in the fixed prices set by the Government's petroleum board.

The status of the provincial board in relation to the Canadian oil controller's office is now the subject of discussion.



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INTER-STATE ROYALTY

From Our Own Correspondent

MONTREAL. — Inter-State Royalty Corp. has advised the Montreal Curb Market that as at July 31 the company's investments in oil royalties had a book value of $1.1 million.

Gross revenue from royalty income since acquisition amounted to $493,173 to June 30. Reserve for depletion totalled $135,623. During June the corporation had a gross royalty income of $4,182.

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Elevator Company Outlook Linked With the War

What is really happening in the grain elevator business? This article discusses the situation expertly but concludes that the way ahead depends very largely on events abroad and what eventually happens to Canada's great European market

Western elevator companies, when they publish their reports for the fiscal year, which for most of them ended July 31 last, may be expected to show reasonably good earnings.

It is to be expected that they will show bond interest earned, depreciation provided for, and some margin to spare for the benefit of shareholders. That fact, in contrast to the poor showing made in several preceding years, is, of course, the result of the excellent 1939 crop, in contrast with the poor crops of most of the drought period which set in with 1929, and to which 1932 was the only notable exception.

Basic in the situation is the fact that the entire system of western elevators was created for the purpose of handling grain not storing it.

Although the crop of 1940 is good, and may yet prove to be as good as that of 1939, it is not expected that the elevator companies will do as well during the crop year which has now begun.

Two principal reasons account for that fact. One is the enforced reduction, by order of the Board of Grain Commissioners, in the tariff rate for storage of grain, from one-thirtieth of a cent per bushel per day, to one-forty-fifth. The other is the fact that although the crop is large, the elevator companies are not likely to handle all of it during a 12-month period.

Likely Filled to Top

Storage bins will likely be filled to capacity during most of the year. At the beginning of the crop year, terminals at the head of the lakes were almost completely filled, with more than enough grain in railroad cars, awaiting unloading, to fill them completely.

Pacific coast terminals were filled to capacity, except for a working margin of space kept to allow for possibility of having to handle out-of-condition grain. More than 50 million bushels of carried over wheat were in country elevators. About 150 million bushels of space is available in country elevators, after allowing for working space, and for new annexes under construction. When that space is filled, more grain can be taken in only as space becomes available as the result of shipments.

Shipments depend on room being made available in terminals at the head of the lakes, and that, in turn, is largely dependent upon the rate at which grain can be exported from eastern ports to Great Britain.

Some, and perhaps a good deal of the grain now on farms, is likely to be there a year from now because elevators have not been able to find room to take it in.

Thus, congestion of elevators by the heavy Canadian wheat carryover from last year means both that storage space will be fully used throughout the year and that handlings will be small.

Operators Critical

Elevator operators are very critical of the rate reduction imposed by the Board of Grain Commissioners. The belief that they were likely to profit inordinately from heavy use of storage space they claim to be entirely wrong. In any case, they point to the excess profits tax writing to absorb 75% of all earnings over a minimum standard.

For the four-year period 1936-1939 inclusive they had been showing losses, instead of net income, when depreciation on their assets was considered. Hence, they state, anything more than a moderate rate of earnings would have been impossible under the excess profits tax.

The companies offered, in operating as agents for the Canadian Wheat Board, to limit their earnings to 6% on capital employed. During the period of losses, the long-established tariff rates applying to elevators had not been altered to assist the companies.

See no Help for Farmer

The reduction, it is claimed, does not help the farmer, who this year is giving his wheat to the Wheat Board, instead of carrying it himself in elevators. Nor does it help the Wheat Board as much as might be supposed. Storage charges are actually to a very large extent paid by buyers of wheat, both millers in Canada and those overseas. The expectation is that buyers will pay more for wheat for deferred than or immediate delivery. In addition, as the report of the Turgeon Royal Commission shows, there has been an historic tendency for wheat prices to rise during the crop year, a tendency always believed due to the accumulated cost of carrying wheat. To cut down the earnings of the Canadian grain storage system, therefore is to cut down the income which Canada receives from abroad, elevator interests claim.

During the years of small crops, a great deal was heard of overbuilding in the elevator business. The contrast with former conditions is strange this year, with the companies forced to invest largely in new storage space by the building of annexes to country elevators. Probably the congestion will last long enough for the new investment to be recovered in storage earnings. In the meantime, working capital will of necessity be depleted, and bank borrowings increased.

Probable Back-Log

It is argued, of course, that any grain which the elevator companies are unable to handle this year will remain on farms and provide a back-log of business for next year. That, however, is only a probability.

Elevator storage space is likely to be well filled until it is again possible to export grain in quantity to Europe.

Until then, both farmers' sales of wheat and elevator handlings will be restricted practically to the quantities which are sold domestically or exported to Great Britain, and an enforced reduction of production in western Canada may develop.

Profit is in Turnover

Profitable operation of an elevator system depends essentially upon turnover, and large turnover will continue impossible until market outlets for Canadian wheat improve.

So the future prospects of elevator companies cannot be forecast by analyzing conditions peculiar to their business. It would take a forecast of the progress of the war, and of the nature of the post-war world to make it complete.

The essence of the situation, of course, is that the elevator systems of western Canada were developed for the purpose of handling grain. The storage function is really incidental, with the capacities of country elevators based on the efficient size of a handling unit which must keep grain for a certain period until railway cars can be obtained for shipment.

Terminal elevators were built in order to transfer grain efficiently from railway cars to ships, with enough storage space to take care of the many grades of grain to be accommodated, and also to carry over a considerable quantity of grain during the winter period when navigation on the Great Lakes is closed.

Rapid Handling Basis

The whole setup of the western elevator system, and the method of its operation, were based on rapid handling of grain. A system designed to take care of the present situation would have had larger and fewer units in the country. It would have been cheaper to operate, but its slower handling capacity would have been considered intolerable by farmers under other circumstances.

The investor in elevator securities will find results of handling the past year's crop satisfactory in contrast with the poor showing made in immediately preceding years. But he must be prepared for less satisfactory reports for the duration of the war. As for the postwar period, the fortunes of elevator companies are bound up with the future of western agriculture, and the restoration of Canadian ability to sell to the continent of Europe large supplies of Canadian wheat.

Eastern Elevators

In addition to the major operators of terminal and country elevators in western Canada, there are a number of companies organized to build and operate terminal elevators on the lake and river harbors of eastern Canada. In general, this group has found it possible to maintain earnings on a more stable basis than the westerns.

These terminal elevators in eastern Canada operate under different conditions to those in the West. They act as distributing depots, for example, to the numerous milling concerns throughout Ontario and Quebec. Western grain is received for storage, usually by boat as these elevators are all located on waterways. It may be held until a market can be found, distributed to local millers or forwarded to the ocean for export, either by water or rail. Grain from Ontario or Quebec farmers is also handled, accounting in some cases for a substantial proportion of handlings.

Occasionally the eastern elevators benefit from an inward movement of grain, such as corn, for consumption in Canada. This is particularly likely to happen during years of slack crops in Canada but is hardly a possibility this year.

One of the eastern elevator companies, Toronto Elevators, has established an important feed business, serving Ontario and Quebec and export markets in the United States.

Good Crops Help

In the final analysis, however, it can be accepted that periods of good crops in western Canada will aid the eastern elevators as well as those in the West. They are not subject to serious losses because of local crop failures in the districts in which they may happen to have located their country elevators.

For the year just starting, however, with every available bushel of storage capacity apparently needed to handle the crop coming in together with the heavy carryover from last year, there should be no lack of demand for storage space in eastern Canada as well as in the West.

Eastern Rates Unchanged

Reduction in basic storage rates for 1940-41 from 1/30th of a cent a bushel to 1/45th of a cent, which applies to the western elevators, does not affect the eastern group. Their basic rate of 1/40th of a cent a bushel is the same as has prevailed for the past couple of years.

The Dollars and Cents for Grain Elevators

The period of expansion in Canada's grain elevator capacity which took place in the 1920's not only gave this country the greatest system of grain storage in the world, but also introduced securities of companies engaged in this business to the public on a large scale for the first time.

Experience since then has not been entirely pleasant although perhaps as good as could be expected when the events of the past 10 years are remembered. Two conditions were of particular importance. In the first place, there was the first problem of surplus wheat for storage, created largely as a result of the policy followed by the wheat pools from 1923 to 1931. Then, and probably of greatest importance from the standpoint of the elevator companies, there was the severe drought period of the 1930's.

Only One Default

Actually only one company, Western Grain, has been unable to maintain regular interest payments on its bonds. Collingwood Terminals ran into difficulty with a first mortgage held by the town of Collingwood.

Shareholders have had to take the brunt of the losses of the past few years and in some cases existence of heavy preferred arrears hints at eventual necessity of some kind of reorganization.

Trading in shares of the elevator companies is not particularly active and it is probable that there is a wider interest in their bonds among Canadian investors.

Special Treatment Possible

How the excess profits tax is going to affect the majority of the elevator companies is difficult to forecast. It seems probable that most of them could present a good case for special treatment because of low earning power during the four base years established by the E.P.T.

On the four-year average of profits 1936-39 inclusive, it seems that only Toronto Elevator and Goderich Elevator & Transit would be able to show an average net profit. The others would suffer losses of varying amounts.

Being allowed to keep from 5% to 10% return on capital would apparently permit these companies to show good gains over recent average in a period when the increased amount of grain handled would give larger earnings.

Movement of prices for the most actively traded stocks and bonds of the elevator companies over the past year is illustrated by the following table:

Bonds	Aug. 15 1939	Jan. 5 1940	Aug. 15 1940
Alta. Pacific, 6/48	91	98	95
Federal Grain, 6/49	94	99	96
Reliance Grain, 4½/52 .	85	95	92
United Grain, 5/48	98	99	93
Western Grain, 6/49 ...	33	50	40
Stocks			
Alta. Pacific, pfd.	20	36¼	28
Do., com.	2½	2¾	1
Bawlf Grain, pfd.	15	28	30
Do., com.	1.05	1.60	0.10
Toronto Elevators, pfd. .	44	47½	37
Do., com.	16	31	21½
Federal Grain, pfd.	20	46	30
Do., com.	1	2½	1
Goderich Elevator, com.	6½	9½	7½
Reliance Grain, pfd. ...	31	75	64
Western Grain, pfd.	4	9	6

North-American

North-American Elevators Ltd. operates a terminal grain elevator at Sorel, Que., with a storage capacity of three million bushels. The initial plant had a capacity of two million bushels but this was enlarged in 1936. Lower volume of grain handled in the year ended April 30, 1940, was more than offset by lower expenses and net profits were more than sufficient to wipe out the former deficit. The company has always been able to maintain interest requirements on its 6½% first mortgage bonds of which $425,800 are outstanding. No dividends have been paid on the 1st preference since 19[illegible] and arrears amount to $47.25 a share.

Toronto Elevators

Toronto Elevators, Ltd., operates elevators at Toronto and Sarnia, Ont. The Toronto unit has a storage capacity of four million bushels with three million bushels at Sarnia.

From its Toronto plant, the company does an important general grain and feed business, manufacturing commercial stock and poultry feeds under the trade name of "Master Feeds." These are marketed throughout Ontario and exported to the United States as opportunity offers.

The company has no funded debt but its subsidiary, Sarnia Elevator Co., owed the city of Sarnia $512,033 at July 31, 1939, representing balance owed on agreement for sale. The loan is payable in annual installments to 1950.

The company has always maintained regular dividends on its preferred stock and on the common has paid amounts varying from $1 to $2 a share each year since 1933 with the exception of 1939. Last payment was $1 a share on Dec. 7, 1939. The company has only shown a loss in one year, 1937-38, and it is expected that the report for the year ended July 31, 1940, when it appears, will show earnings well above the previous year's level when $1.16 a share was earned on the common. Both common and preference shares are listed at Toronto.

Goderich Elevator

Goderich Elevator & Transit Co., owning and operating a 3-million-bushel elevator at Goderich, Ont., is one of the oldest of the Canadian elevator companies. Its first unit was completed in 1898 with a 500,000 bushel capacity. This company has paid dividends at varying rates each year since 1908. The company has no funded debt, its sole capitalization being 84,006 common shares.

In the year ended March 31, 1940, handling of grain reached the highest point in 10 years. Net profit was equivalent to $1.22 a share on the common. Dividends of 50 cents a share were paid for 1939-40 with a bonus of 15 cents a share being paid in July of this year. The shares are not listed.

Collingwood Terminals

Collingwood Terminals Ltd., operates a two million bushel elevator at Collingwood, Ont. G. P. Campbell, Toronto, purchased controlling interest from Canadian Terminal System in 1934. Collingwood undertook to raise $800,000 in 5% debentures to build the elevator and sell it to the company which was unable to make payments as called for on schedule and arrangements have been partly completed to adjust the default. Amount owed to the town was $631,000 at the end of 1939 on the 5% mortgage. At that time, principal and interest payments were in default to the extent of $76,034. The company had a net profit of $276 in 1939 compared with a loss of $44,084 in 1938.

Three Rivers Grain

Three Rivers Grain & Elevator Co. has a two million bushel elevator, with all necessary handling equipment, at Three Rivers on the St. Lawrence River. Operations started in 1936. The site is leased from the Dominion for an aggregate period of 63 years at an annual rental of $4,035. Out of $400,000 of 5½% bonds originally issued, $289,000 remained outstanding at April 1, 1940. Regular 6% dividends have been paid on the $300,000 of preferred stock. The company had an earned surplus of $151,312 at July 31, 1939, after payment of all charges and preferred dividends.

United Grain Growers

United Grain Growers Ltd. has terminal elevators at Port Arthur and Vancouver and 439 country elevators throughout Manitoba, Saskatchewan and Alberta. The Port Arthur elevator has a capacity of 5.5 million bushels. The Vancouver elevator is leased from the Vancouver Harbor Commission to 1947 and has a capacity of 2.6 million bushels. The company also handles coal, flour, binder twine and other farm supplies.

A subsidiary, Public Press Ltd., carries on a general printing business and another subsidiary, The Country Guide Ltd., publishes "The Country Guide and Nor'-West Farmer," having a circulation of about 175,000.

An original bond issue of $4.5 millions had been reduced to $2.6 millions at July 31, 1939. Indications that earnings for the year just closed were above those of the preceding period is given by the payment of a dividend of $1.25 a share on its common stock of August 1 this year, first payment since 1936. The shares are largely owned by grain growers in the territory served. Certain restrictions on the ownership of shares are to be changed if request for charter amendments is accepted.

Western Grain

Western Grain Co. was hardest hit of any of the western companies by the series of crop failures of the 1930's. As a result, its improvement may be greater when conditions improve. The company has a three million bushel terminal elevator at Fort William and 277 country elevators in the three prairie provinces. Of these country elevators, 268 are in Saskatchewan, with the majority in southern part of this province. Combined storage capacity of all elevators is in excess of 10 million bushels.

Lack of earnings compelled the company to defer bond interest in 1937 on its $2.7 millions of 6% bonds. Arrears of dividends on the preference stock amounted to $60.12½ a share at July 31 this year. No reorganization plan has been advanced as yet. It is understood that the bondholders' protective committee plans to allow the company to improve its financial position further and rehabilitate country elevators before taking steps for a reorganization.

Alberta Pacific

The Alberta Pacific Grain Co. owns 369 country elevators in Alberta and Saskatchewan and has terminal connections at the Pacific coast with a capacity of 7.1 million bushels.

The company's financial year ends June 30. Although figures have not been released for this period, it is considered likely that results for the year were much more favorable than in the preceding year.

In 1939 net profit amounted to $16,902, against a net loss of $50,800 in 1938. The company has paid no dividends on its 7% preferred stock since July 1, 1930, and arrears June 30 amounted to $70 a share.

No action was taken at a shareholders meeting on May 31 on the company's offer to purchase the assets of N. Bawlf Grain Co. for $1 million. H. E. Sellars, president, stated that requisition for title covering certain assets of the Bawlf Co. had been made and the latter company had been unable to furnish these in accordance with the purchase offer. No further move has been made by either company since this date.

In acquiring the assets of the Bawlf Co., Alberta Pacific Grain Co. would have, after disposing of elevators where there is duplication, a terminal elevator at the head of the Great Lakes and country elevators at 89 stations in Alberta, Saskatchewan and Manitoba, where the company is not represented. The lakehead elevator of Bawlf Co. has a capacity of 2.4 million bushels. This would have increased the already extensive facilities of Alberta Pacific Grain.

The deal would be financed through working capital and a special loan of $500,000 which had been arranged. In the 1939 fiscal year working capital increased by $330,237 to $1.1 million.

Bawlf Grain

The N. Bawlf Grain Co. received earlier this year an offer from Alberta Pacific Grain Co. to buy assets and assume liabilities of the company for $1 million in cash. The directors had accepted the offer, but no action was taken at a special shareholders meeting on May 30. R. W. Milner, president, declared that the Alberta Pacific Grain Co. had requisitioned for title covering certain assets which the Bawlf Co. had been unable to furnish according to terms of the offer.

While not published yet, the report for the year ended July 31 has been officially stated to have shown marked improvement over the previous year. At July 31 an interim statement showed net current assets of $71,822, compared with an excess of current liabilities over current assets of $47,527 at July 31, 1939.

Last year's crop was the largest since 1928, Mr. Milner stated. However, the president considers that a succession of several large crop years would be required to restore the company's working capital to a satisfactory level. Even with the crop volume about 50% above the 10-year average the company could not earn more than half current dividend requirements.

The company has not paid dividends on the 6½% preferred stock since Dec. 1, 1930, and at June 1 arrears amounted to $61.75 a share.

Reliance Grain

Reliance Grain Co. in the year ended Dec. 31, 1939, showed the most satisfactory year's operation since 1929. Net profit, after a substantial allowance for depreciation, amounted to $518,845, which compares with a net loss of $224,711, before allowance for depreciation. In 1929 net profit amounted to $640,788.

Results from 1929 to the past year were irregular.

Dividends on the 6½% preferred stock have been paid irregularly, and at June 16 arrears amounted to $9.75. Working capital position is fairly strong, amounting to $1.2 million at the end of 1939, compared with $973,489 at the end of 1938.

CANADA VINEGARS

Canada Vinegars Ltd. has declared another dividend of 10 cents a share on its common, payable Sept. 2, 1940, to shareholders of record August 20. This will be the second payment at the 10-cent rate following the reduction in June from the former 30-cent quarterly rate.

Quebec Power Output Gains

Higher Industrial Activity Reflected By Electric Statistics

From Our Own Correspondent

MONTREAL.—The steady rise in production and consumption of electric energy is shown in the five months' statement of the Public Service Board of Quebec, based on figures obtained from 29 principal distributors.

Total production of these distributors in the five months' period rose 6.5% over the same period last year to 6,515.2 million kw.h. Total sales increased 7.2% to 6,274.5 million kw.h.

Indicating the rise in industrial activity is the substantial jump in the consumption of primary power in Quebec. This was attributable principally to the 22.8% rise in industrial consumption.

Export of primary power from the province rose 11.3%, while export sales of secondary were eliminated entirely this year. Secondary sales in Quebec were down 11%, indicating the changeover to the primary classification of this off-peak power.

Revenue received from the 29 distributors for power sales in Quebec rose 8.7% to $20.1 millions for the five months. Revenue from export sales increased 5.8% to nearly $4 millions.

Following is the Board's tabulation of sales and production of electric energy during the five months' period:

Quebec Electric Energy
Five Months to May 31
(000's of kw.h.)

	1940	1939	Change %
Production ...	6,515,226	6,117,285	+6.5
Sales:			
Total	6,274,531	5,853,785	+7.2
Que. primary .	3,205,338	2,665,148	+20.3
Export prim. .	1,626,556	1,461,508	+11.3
Export second	......	105,665	.....
Que. second ..	1,442,638	1,621,464	—11.0

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